

Artisan Partners Asset Management Inc.

Form S-3/A

April 02, 2014

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As filed with the Securities and Exchange Commission on April 2, 2014.

Registration No. 333-194684

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**AMENDMENT NO. 1**  
**TO**  
**FORM S-1**  
**ON**  
**FORM S-3**  
**REGISTRATION STATEMENT**  
**UNDER**  
***THE SECURITIES ACT OF 1933***

**Artisan Partners Asset Management Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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<b>Delaware</b> <b>(State or Other Jurisdiction of</b>	<b>6282</b> <b>(Primary Standard Industrial</b>	<b>45-0969585</b> <b>(IRS Employer</b>
<b>Incorporation or Organization)</b>	<b>Classification Code Number)</b>	<b>Identification Number)</b>

**875 E. Wisconsin Avenue, Suite 800**

**Milwaukee, WI 53202**

**(414) 390-6100**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)**

**SARAH A. JOHNSON**

**Chief Legal Officer**

**Artisan Partners Asset Management Inc.**

**875 E. Wisconsin Ave., Suite 800**

**Milwaukee, WI 53202**

**(414) 390-6100**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)**

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**MARK J. MENTING**

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**125 Broad Street**

**New York, NY 10004**

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(212) 558-4000

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

(Check one):

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

## CALCULATION OF REGISTRATION FEE

	Amount to be	Proposed maximum	Proposed maximum	Amount of
Title of each class of securities to be registered	registered(1)	offering price	aggregate	registration fee
Class A common stock, par value \$0.01 per share	41,937,223	\$63.30(2)	\$2,654,626,216(2)	\$341,916(4)
Convertible preferred stock, par value \$0.01 per share	1,381,887	\$29.14(3)	\$40,268,188(3)	\$5,187(4)

- (1) This Registration Statement registers (a) 41,937,223 shares of Class A common stock of Artisan Partners Asset Management Inc. issuable upon exchange of limited partnership units of Artisan Partners Holdings LP, (b) 1,381,887 shares of convertible preferred stock issuable upon exchange of limited partnership units of Artisan Partners Holdings LP and (c) 1,381,887 shares of Class A common stock of Artisan Partners Asset Management Inc. issuable upon conversion of such shares of convertible preferred stock. This Registration Statement also relates to such additional shares of Class A common stock of Artisan Partners Asset Management Inc. as may be issued with respect to such shares of Class A common stock by way of a stock dividend, stock split or similar transaction. Of the 41,937,223 shares of Class A common stock registered hereunder, 1,381,887 shares of Class A common stock may be issued either upon exchange, as described in clause (a) above, or upon conversion, as described in clause (c) above.
- (2) Estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based upon the average of the high and low reported sale prices of the shares of the Registrant's Class A common stock on the New York Stock Exchange on March 14, 2014.
- (3) Estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(i) under the Securities Act of 1933, as amended. Because there is no market for such shares, the fee is based upon the book value of such shares as of March 17, 2014.
- (4) Previously paid.

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

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**EXPLANATORY NOTE**

We previously filed a Registration Statement on Form S-1 (File No. 333-194684) (the "Registration Statement") with the Securities and Exchange Commission on March 19, 2014. This Amendment No. 1 on Form S-3 is being filed to convert the Registration Statement on Form S-1 into a registration statement on Form S-3. All applicable filing fees were paid at the original filing of the Registration Statement.

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**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated April 2, 2014.**

## **Class A Common Stock**

### **Convertible Preferred Stock**

Artisan Partners Asset Management Inc. may issue from time to time up to 41,937,223 shares of Class A common stock to the holders of limited partnership units, or LP units, of Artisan Partners Holdings LP, our direct subsidiary, including to certain of our directors and executive officers or their affiliates, upon exchange of common units and preferred units of Artisan Partners Holdings LP. Artisan Partners Asset Management Inc. also may issue from time to time up to 1,381,887 shares of convertible preferred stock to the holders of preferred units of Artisan Partners Holdings LP, which are affiliates of one of our directors, upon exchange of such preferred units and up to 1,381,887 shares of Class A common stock issuable upon conversion of such shares of convertible preferred stock. Such exchanges and conversions are described herein. Artisan Partners Asset Management Inc. is organized under the laws of Delaware and is the general partner of Artisan Partners Holdings LP, a Delaware limited partnership.

Under the exchange agreement we entered into with the holders of LP units, the holders of LP units (other than us) may, subject to certain restrictions set forth in the exchange agreement, exchange their common units (together with an equal number of shares of our Class B or Class C common stock, as applicable) for shares of our Class A common stock on a one-for-one basis and exchange their preferred units (together with an equal number of shares of Class C common stock) either for shares of our convertible preferred stock on a one-for-one basis or for shares of our Class A common stock at the conversion rate, which is currently one-for-one but subject to adjustment to reflect the payment of any preferential distributions made to the holders of our convertible preferred stock. Under our restated certificate of incorporation, shares of our convertible preferred stock are convertible at the election of the holder into shares of our Class A common stock at the same conversion rate. See

Description of Capital Stock Preferred Stock Convertible Preferred Stock Convertible Preferred Stock Conversion Rate .

We are registering the issuance of our Class A common stock to permit the holders of LP units who exchange their LP units and certain holders of our convertible preferred stock who convert their shares of convertible preferred stock to sell without restriction in the open market or otherwise the shares of Class A common stock that they receive upon exchange or conversion, respectively. The shares of Class A common stock registered hereunder will only be issued to the extent that the holders of LP units exchange their units for shares of Class A common stock and/or the holders of shares of our convertible preferred stock convert their shares into shares of Class A common stock. The shares of convertible preferred stock registered hereunder will only be issued to the extent that the holders of preferred units exchange such units for shares of convertible preferred stock. We will not receive any cash proceeds from the issuance of any of the shares registered hereunder.

The Class A common stock is listed on the New York Stock Exchange under the symbol APAM . The last reported sale price of the Class A common stock on March 31, 2014 was \$64.25 per share.

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We are an emerging growth company under the federal securities laws and, as such, are eligible for reduced public company reporting and other requirements. See Risk Factors on page 2 to read about factors you should consider before buying shares of the Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated \_\_\_\_\_, 2014

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We are responsible for the information contained in this prospectus, in the documents incorporated by reference in this prospectus and in any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to give you any other information, and take no responsibility for any other information or representations that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or incorporated by reference is current only as of its date, regardless of the time and delivery of this prospectus or of any sale of the shares. You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, before making an investment decision.

Except where the context requires otherwise, in this prospectus:

AIC refers to Artisan Investment Corporation, an entity controlled by Andrew A. Ziegler and Carlene M. Ziegler, who are married to each other, and through which Mr. Ziegler and Mrs. Ziegler maintain their ownership interests in Artisan Partners Holdings;

Artisan Funds refers to Artisan Partners Funds, Inc., a family of Securities and Exchange Commission registered mutual funds;

Artisan Global Funds refers to Artisan Partners Global Funds PLC, a family of Ireland-domiciled funds organized pursuant to the European Union's Undertaking for Collective Investment in Transferable Securities;

Artisan Partners Asset Management Inc., Artisan, Artisan Partners Asset Management, the company, we, us and our refer to Artisan Partners Asset Management Inc., a Delaware corporation, and, unless the context otherwise requires, its direct and indirect subsidiaries, and, for periods prior to our initial public offering, Artisan, the company, we, us and our refer to Artisan Partners Holdings LP and, unless the context otherwise requires, its direct and indirect subsidiaries;





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Artisan Partners Holdings and Holdings refer to Artisan Partners Holdings LP, a limited partnership organized under the laws of the State of Delaware, and, unless the context otherwise requires, its direct and indirect subsidiaries;

client and clients refer to investors who access our investment management services by investing in mutual funds, including the funds of Artisan Funds or Artisan Global Funds, or by engaging us to manage a separate account in one or more of our investment strategies (such accounts include collective investment trusts, which are pools of retirement plan assets maintained by a bank or trust company, and other pooled investment vehicles for which we are investment adviser, each of which we manage on a separate account basis);

employee includes limited partners of Artisan Partners Holdings whose full-time professional efforts are devoted to providing services to us;

IPO means the initial public offering of 12,712,279 shares of Class A common stock of Artisan Partners Asset Management Inc. completed on March 12, 2013;

IPO Reorganization means the series of transactions Artisan Partners Asset Management Inc. and Artisan Partners Holdings completed on March 12, 2013, immediately prior to the IPO, in order to reorganize their capital structures in preparation for the IPO;

November 2013 Offering means the public offering of 5,520,000 shares of Class A common stock of Artisan Partners Asset Management Inc. completed on November 6, 2013; and

2014 Follow-On Offering means the public offering of 9,284,337 shares of Class A common stock of Artisan Partners Asset Management Inc. completed on March 12, 2014.

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**ARTISAN PARTNERS ASSET MANAGEMENT**

Founded in 1994, we are an investment management firm that provides a broad range of U.S., non-U.S. and global investment strategies. Since our founding, we have pursued a business model that is designed to maximize our ability to produce attractive investment results for our clients, and we believe this model has contributed to our success in doing so. We focus on attracting, retaining and developing talented investment professionals by creating an environment in which each investment team is provided ample resources and support, transparent and direct financial incentives, and a high degree of investment autonomy. We offer to clients 14 actively-managed investment strategies, managed by six distinct investment teams. Each team is led by one or more experienced portfolio managers with a track record of strong investment performance and is devoted to identifying long-term investment opportunities. We believe this autonomous structure promotes independent analysis and accountability among our investment professionals, which we believe promotes superior investment results.

Each of our strategies is designed to have a clearly articulated, consistent and replicable investment process that is well-understood by clients and managed to achieve long-term performance. Throughout our history, we have expanded our investment management capabilities in a disciplined manner that we believe is consistent with our overall philosophy of offering high value-added investment strategies in growing asset classes.

In addition to our investment teams, we have a management team that is focused on our business objectives of achieving profitable growth, expanding our investment capabilities, diversifying the source of our assets under management and delivering superior client service. Our management team supports our investment management capabilities and manages a centralized infrastructure, which allows our investment professionals to focus primarily on making investment decisions and generating returns for our clients.

We offer our investment management capabilities primarily to institutions and through intermediaries that operate with institutional-like decision-making processes and have longer-term investment horizons, by means of separate accounts and mutual funds. Our clients include pension and profit sharing plans, trusts, endowments, foundations, charitable organizations, government entities, private funds and non-U.S. pooled investment vehicles that are generally comparable to U.S. mutual funds, as well as mutual funds, non-U.S. funds and collective trusts we sub-advise. We serve as the investment adviser to Artisan Funds, a family of mutual funds registered with the Securities and Exchange Commission, or the SEC, that offers shares in multiple classes designed to meet the needs of a range of institutional and other investors, and as investment manager and promoter of Artisan Global Funds, a family of Ireland-based UCITS funds that offers shares to non-U.S. investors.

We access traditional institutional clients primarily through relationships with investment consultants and access institutional-like investors primarily through consultants, alliances with major defined contribution/401(k) platforms and relationships with fee-based financial advisors and broker-dealers. We derive essentially all of our revenues from investment management fees, which primarily are based on a specified percentage of clients' average assets under management. These fees are derived from investment advisory and sub-advisory agreements that are terminable by clients upon short notice or no notice.

Artisan Partners Asset Management is a holding company that was incorporated in Wisconsin on March 21, 2011 and converted to a Delaware corporation on October 29, 2012. Our assets principally consist of our ownership of partnership units of Artisan Partners Holdings, deferred tax assets and cash. We conduct all of our business activities through operating subsidiaries of Artisan Partners Holdings. Our principal executive offices are located at 875 E. Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202. Our telephone number at this address is (414) 390-6100 and our website address is [www.artisanpartners.com](http://www.artisanpartners.com). We post updated information about our assets under management under the Financial Information section of our Investor Relations website ([www.apam.com](http://www.apam.com)) after the conclusion of the seventh trading day of the New York Stock Exchange, or NYSE, of each month. Information contained on our websites is not part of this prospectus.

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**RISK FACTORS**

Holders exchanging LP units for shares of our Class A common stock or exchanging their preferred units of Artisan Partners Holdings for shares of our convertible preferred stock and subsequently converting such shares into shares of our Class A common stock should carefully consider each of the risks described in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on February 26, 2014, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov), and all of the other information included or incorporated by reference in this prospectus.

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**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains or incorporates by reference, and from time to time our management may make, forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expects, intends, plans, anticipates, believes, estimates or continue, the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions, may include projections of our future financial performance, future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business or financial results. These statements are only predictions based on our current expectations and projections about future events. Among the important factors that could cause actual results, level of activity, performance or achievements to differ materially from those indicated by such forward-looking statements are: fluctuations in quarterly and annual results, adverse economic or market conditions, incurrence of net losses, adverse effects of management focusing on implementation of a growth strategy, failure to develop and maintain the Artisan Partners brand and other factors disclosed under Risk Factors in Item 1A of our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on February 26, 2014, as such factors may be updated from time to time in our periodic filings with the SEC, as well as the other information contained or incorporated by reference in this prospectus or in any prospectus supplement hereto. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Forward-looking statements include, but are not limited to, statements about:

our anticipated future results of operations;

our potential operating performance and efficiency;

our expectations with respect to future levels of assets under management, including the capacity of our strategies and client cash inflows and outflows;

our financing plans, cash needs and liquidity position;

our intention to pay dividends and our expectations about the amount of those dividends;

our expected levels of compensation of our employees;

our expectations with respect to future expenses and the level of future expenses;

our expected tax rate, and our expectations with respect to deferred tax assets; and

our estimates of future amounts payable pursuant to our tax receivable agreements.

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**USE OF PROCEEDS**

We will not receive any cash proceeds from the issuance of any of the shares registered hereunder, but we will receive a number of general partnership units, or GP units, of Artisan Partners Holdings LP, equal to the number of shares of Class A common stock issued upon exchange of LP units or conversion of shares of convertible preferred stock. Upon the exchange of preferred units of Artisan Partners Holdings LP for shares of convertible preferred stock, we will retain any preferred units so exchanged until the subsequent conversion of such shares of convertible preferred stock into shares of our Class A common stock. At the time of the subsequent conversion, we will exchange a number of preferred units we hold for GP units equal to the number of shares of our Class A common stock issued upon conversion.

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**EXCHANGE OF LIMITED PARTNERSHIP UNITS OF ARTISAN PARTNERS HOLDINGS AND CONVERSION OF OUR CONVERTIBLE PREFERRED STOCK**

In March 2013, we completed our IPO and a series of reorganization transactions, which we refer to as the IPO Reorganization, in order to reorganize our capital structures in preparation for our IPO. The IPO Reorganization was designed to create a capital structure that preserves our ability to conduct our business through Artisan Partners Holdings, while permitting us to raise additional capital and provide access to liquidity through a public company. Multiple classes of securities at the public company level were necessary to achieve those objectives and maintain a corporate governance structure consistent with that of Artisan Partners Holdings prior to the reorganization. Among other changes, the IPO Reorganization modified our capital structure into three classes of common stock and a class of convertible preferred stock. For a description of these shares, see [Description of Capital Stock](#). Each outstanding share of common stock and convertible preferred stock at the public company level corresponds to a partnership unit at the Artisan Partners Holdings level.

In connection with our IPO Reorganization, we entered into an exchange agreement with the holders of LP units. The exchange agreement generally provides that the holders of LP units are permitted to exchange such units (together with a share of our Class B or Class C common stock, as applicable) in a number of circumstances that are generally based on, but in several respects are not identical to, the safe harbors contained in the U.S. Treasury Regulations dealing with publicly traded partnerships for U.S. federal income tax purposes. Pursuant to our restated certificate of incorporation, shares of our convertible preferred stock are convertible at the election of the holder into shares of our Class A common stock. These rights permit the holders of LP units and the holders of convertible preferred stock to exchange or convert their securities for which there is no public trading market for shares of publicly-traded Class A common stock.

The following description of the exchange of LP units and the conversion of shares of our convertible preferred stock is a summary and is qualified in its entirety by reference to the exchange agreement and our restated certificate of incorporation, which have been filed as exhibits to the registration statement of which this prospectus forms a part. See [Incorporation by Reference](#) and [Where You Can Find More Information](#).

In accordance with the terms of the exchange agreement, LP units may be exchanged (i) in connection with the first underwritten offering in any calendar year, if any, pursuant to a resale and registration rights agreement, as amended, we entered into with the holders of LP units and the holders of our convertible preferred stock, (ii) on a specified date each fiscal quarter, (iii) in connection with such holder's death, disability or mental incompetence, (iv) as part of one or more exchanges by such holder and any related persons (within the meaning of Section 267(b) or 707(b)(1) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, and treating H&F Brewer AIV, L.P. and H&F Capital Associates V, L.P., or H&F Capital Associates, as related persons for this purpose) during any 30 calendar day period representing in the aggregate more than 2% of all outstanding partnership units of Artisan Partners Holdings (disregarding partnership units held by us so long as we are the general partner of Artisan Partners Holdings and owned at least 10% of all outstanding partnership units at any point during the taxable year during which such exchanges occur), (v) if the exchange is of all of the LP units held by H&F Brewer AIV, L.P. and H&F Capital Associates or AIC in a single transaction, (vi) in connection with a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to our Class A common stock that is effected with the consent of our board of directors or in connection with certain mergers, consolidations or other business combinations (such exchanges to be contingent upon the consummation of the transaction) or (vii) if we permit the exchanges after determining (after consultation with our outside legal counsel and tax advisor) that Artisan Partners Holdings would not be treated as a publicly traded partnership under Section 7704 of the Internal Revenue Code as a result of such exchanges.

A holder may not exchange LP units if we determine, after consultation with legal counsel, that such exchange would be prohibited by law or regulation or such exchange would not be permitted under any of the agreements with us to which the holder is then subject. In addition, we may impose additional restrictions on

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exchange in certain circumstances that we reasonably determine to be necessary or advisable so that Artisan Partners Holdings is not treated as a publicly traded partnership under Section 7704 of the Internal Revenue Code (other than the circumstances described in clauses (ii), (iv) or (v) of the paragraph above in the absence of a change of law). We also may waive restrictions on exchange in the exchange agreement.

### **Common Units**

Subject to certain restrictions set forth in the exchange agreement (including those described above intended to ensure that Artisan Partners Holdings is not treated as a publicly traded partnership), each common unit held by a limited partner of Artisan Partners Holdings is exchangeable for one share of our Class A common stock. Each time the holder of a common unit exchanges a unit for a share of our Class A common stock, we will automatically cancel a share of our Class B common stock or Class C common stock held by the exchanging holder. Employee-partners who exchange Class B common units that are unvested will receive restricted shares of our Class A common stock that are subject to the same vesting requirements that applied to the common units exchanged.

### **Preferred Units and Convertible Preferred Stock**

Subject to certain restrictions set forth in the exchange agreement (including those described above intended to ensure that Artisan Partners Holdings is not treated as a publicly traded partnership), each preferred unit held by a limited partner of Artisan Partners Holdings is exchangeable for one share of our convertible preferred stock or our Class A common stock at the conversion rate, which is currently one-for-one but subject to adjustment to reflect the payment of any preferential distributions made to the holders of our convertible preferred stock, plus cash in lieu of fractional shares (after aggregating all shares of our Class A common stock that would otherwise be received by each holder). See Description of Capital Stock Preferred Stock Convertible Preferred Stock Convertible Preferred Stock Conversion Rate . Each time the holder of a preferred unit exchanges a unit for a share of our Class A common stock or convertible preferred stock, we will automatically cancel a share of our Class C common stock held by the exchanging holder. Shares of our convertible preferred stock are convertible at the election of the holder into shares of our Class A common stock at the same conversion rate.

When the holders of our convertible preferred stock are no longer entitled to preferential distributions, as described in Description of Capital Stock Preferred Stock Convertible Preferred Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock , and any preferred distributions have been paid in full to such holders, all shares of convertible preferred stock will automatically convert into shares of our Class A common stock at the conversion rate plus cash in lieu of fractional shares (after aggregating all shares of our Class A common stock that would otherwise be received by such holder). Following the automatic conversion of our convertible preferred stock into Class A common stock, preferred units will be exchangeable only for Class A common stock at the conversion rate plus cash in lieu of fractional shares (after aggregating all shares of our Class A common stock that would otherwise be received by each holder).

### **Issuance of GP Units**

In order to make a share of Class A common stock represent the same percentage economic interest in Artisan Partners Holdings as a common unit of Artisan Partners Holdings, disregarding corporate-level taxes and payments with respect to the tax receivable agreements we entered into in connection with our IPO, we will always hold a number of GP units equal to the number of shares of Class A common stock issued and outstanding. As the holders of common units and preferred units exchange their units for Class A common stock, we will receive a number of GP units of Artisan Partners Holding equal to the number of shares of our Class A common stock that they receive, and a number of common units or preferred units, and shares of our Class B or Class C common stock, as applicable, equal to the number of units so exchanged will be cancelled. We will retain any preferred units exchanged for shares of convertible preferred stock until the subsequent conversion of such shares into shares of our Class A common stock, although a number of shares of our Class C common stock



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equal to the number of units so exchanged will be cancelled. Upon conversion of shares of convertible preferred stock, we will exchange a number of preferred units we hold for GP units equal to the number of shares of our Class A common stock issued upon conversion.

As of March 31, 2014, there were 87 holders of LP units (including us) and one holder of shares of our convertible preferred stock. As of such date, we held 29,133,585 GP units and 455,011 preferred units of Artisan Partners Holdings, or 41% of the total outstanding partnership units of Artisan Partners Holdings. If all partnership units of Artisan Partners Holdings (other than those held by us) were exchanged for shares of our Class A common stock or convertible preferred stock, as applicable, and all shares of our convertible preferred stock were converted at a one-to-one conversion rate for shares of our Class A common stock, 71,525,819 shares of Class A common stock would be outstanding and we would hold 100% of the outstanding partnership units of Artisan Partners Holdings.

The holders of LP units who exchange their LP units and the holders of shares of convertible preferred stock who convert such shares, generally may not sell the shares of Class A common stock received upon exchange or conversion, as applicable, until after June 1, 2014, unless our board of directors and/or the underwriters of the 2014 Follow-On Offering grant a waiver. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Resale and Registration Rights Agreement .

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**MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS FOR  
UNITED STATES HOLDERS**

This section summarizes the material United States federal income tax consequences to United States holders (as defined below) of LP units that exchange units for shares of Class A common stock or convertible preferred stock, as applicable, and to United States holders of shares of convertible preferred stock that convert shares of convertible preferred stock into shares of Class A common stock. This section does not otherwise discuss any United States federal income tax consequences to United States holders of convertible preferred stock of receiving distributions on convertible preferred stock or of disposing of convertible preferred stock. It applies to you only if you hold your LP units or convertible preferred stock as capital assets for tax purposes and only if you acquired and hold shares of Class A common stock as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns LP units, convertible preferred stock or shares of Class A common stock as part of a hedging transaction, straddle, conversion transaction or other risk reduction transaction for tax purposes,

a person that purchased convertible preferred stock or sells shares of Class A common stock as part of a wash sale for tax purposes,

a person subject to the alternative minimum tax, or

a United States holder whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the Internal Revenue Code, its legislative history, existing and proposed regulations under the Internal Revenue Code, or the Treasury Regulations, published rulings and court decisions, all as currently in effect. These laws, rules and interpretations are subject to change, possibly on a retroactive basis.

If a partnership holds LP units, convertible preferred stock or Class A common stock, the United States federal income tax treatment of a partner therein will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the LP units, convertible preferred stock or Class A common stock should consult its tax advisor with regard to the United States federal income tax treatment of the exchange of the LP units or conversion of convertible preferred stock and of holding and disposing of shares of Class A common stock received in the exchange or conversion.

*You should consult a tax adviser regarding the United States federal tax consequences of exchanging your LP units or converting your shares of convertible preferred stock and of holding and disposing of shares of Class A common stock in your particular circumstances, as well as any tax*

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*consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.*

This section describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of LP units, convertible preferred stock or Class A common stock and you are:

a citizen or resident of the United States,

a domestic corporation,

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an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, we encourage you to consult your own tax advisor regarding the United States federal tax consequences of exchanging LP units or converting convertible preferred stock and of holding and disposing of Class A common stock in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.

**Tax Consequences of Exchanging LP Units for Shares of Class A Common Stock or Convertible Preferred Stock**

For United States federal income tax purposes, the exchange of LP units for shares of Class A common stock or convertible preferred stock will be a taxable event. Under the tax receivable agreement, or the TRA, among Artisan Partners Asset Management and each holder of LP units, an exchanging partner will likely be entitled, in taxable years subsequent to the year of the exchange, to contingent payments, or TRA Payments, resulting from the exchange. Therefore, any gain an exchanging partner is treated as realizing upon its exchange will, subject to the discussion of Section 751 of the Internal Revenue Code and imputed interest below, likely be treated as realized in an installment sale and thus subject to the installment sale rules of Section 453 of the Internal Revenue Code, unless the exchanging partner elects out of installment sale treatment.

The tax consequences to an exchanging partner are complex. If you are an exchanging partner, we strongly encourage you to consult your tax advisor regarding the tax consequences to you of an exchange and, in particular, whether or not to elect out of installment sale treatment.

*Exchanging Partners that Elect Out of Installment Sale Treatment*

This discussion applies to an exchanging partner that elects out of installment sale treatment. Generally, in order to make such election, you should report your exchange on your timely filed United States federal income tax return for the taxable year in which you made the exchange and you should not include IRS Form 6252 on which installment sales are otherwise reported. The election will apply only to the exchange to which it relates.

In general, the treatment of an exchanging partner's exchange and receipt of TRA Payments on account of the exchange will depend on whether, at the time of the exchange, the fair market value of the partner's entitlement to receive TRA Payments is reasonably ascertainable. If it is, then the exchange and the receipt of TRA Payments will be accounted for under the closed transaction method. Otherwise, the exchange and receipt of TRA Payments will be accounted for under the open transaction method. Applicable Treasury Regulations provide that the fair market value of an entitlement to receive contingent payments, such as the TRA Payments, will only be treated as not reasonably ascertainable in rare and extraordinary cases. We strongly encourage you to consult your tax advisor regarding whether the value of your entitlement to receive TRA Payments on account of your exchange will be reasonably ascertainable at the time of your exchange and the resulting tax consequences to you.

**Closed Transaction Method.** Under the closed transaction method, an exchanging partner will generally recognize gain or loss equal to the difference between the amount realized and the partner's basis in the LP units exchanged. The partner's amount realized will equal the sum of (i) the fair market value of the shares of Class A common stock or convertible preferred stock received, (ii) the reduction, if any, on account of the exchange of the liabilities of Artisan Partners Holdings that are allocated to such exchanging partner and (iii) the fair market value of the TRA Payments to which the partner will be entitled on account of the exchange. Determining an exchanging partner's basis in its LP units is discussed below under **Exchanging Partner's Basis in LP Units**. The characterization of any gain or loss taken into account by an exchanging partner under the rules described in this paragraph is discussed below under **Characterization of an Exchanging Partner's Gain or Loss upon the Exchange**.

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Under the closed transaction method, an exchanging partner's basis in its entitlement to receive TRA Payments should equal the fair market value of the entitlement at the time of the exchange. That basis is referred to herein as the TRA Payment Entitlement Basis. The portion of each TRA Payment received by the partner that is not characterized as interest (under the rules discussed below under *Imputed Interest on Certain TRA Payments*) should be treated as a non-taxable return of such exchanging partner's TRA Payment Entitlement Basis. To the extent the partner receives TRA Payments (other than amounts characterized as interest) in excess of the TRA Payment Entitlement Basis, the partner will likely recognize capital gain. The manner in which Section 751 of the Internal Revenue Code should be applied to the TRA Payments is not clear. We strongly encourage you to consult your tax advisor regarding the possible application of Section 751 to your receipt of TRA Payments under the closed transaction method. If the total amount of TRA Payments (other than amounts characterized as interest) received is less than the TRA Payment Entitlement Basis, the partner will likely recognize a loss equal to the difference. The loss would likely be characterized as a capital loss. The deductibility of capital losses is subject to limitations.

***Open Transaction Method.*** Under the open transaction method, an exchanging partner will generally recognize gain or loss equal to the difference between the partner's amount realized and the partner's basis in the LP units exchanged. In this case, the amount realized is the same as the amount realized under the closed transaction method, except that the amount realized does not include the value of the partner's entitlement to receive TRA Payments. Determining an exchanging partner's basis in its LP units is discussed below under *Exchanging Partner's Basis in LP Units*. The characterization of any gain or loss taken into account by an exchanging partner under the rules described in this paragraph is discussed below under *Characterization of an Exchanging Partner's Gain or Loss upon the Exchange*.

Under the open transaction method, an exchanging partner should not have any basis in the entitlement to receive TRA Payments. As a result, the portion of each TRA Payment received by the partner that is not characterized as interest (under the rules discussed below under *Imputed Interest on Certain TRA Payments*) should be treated as an additional amount realized upon the exchange and generally accounted for in the same manner as discussed in the previous paragraph. The manner in which Section 751 of the Internal Revenue Code should be applied to TRA Payments accounted for under the open transaction method is not clear. We strongly encourage you to consult your tax advisor regarding the possible application of Section 751 to your receipt of TRA Payments under the open transaction method.

### *Exchanging Partners that Do Not Elect Out of Installment Sale Treatment*

This discussion applies to an exchanging partner that does not elect out of installment sale treatment.

The TRA provides that the total TRA Payments (other than amounts accounted for as interest under the Internal Revenue Code) with respect to an exchange cannot exceed 50% of the sum of the cash (excluding TRA Payments) and the fair market value (as of the date of the exchange) of the shares of Class A common stock or convertible preferred stock received upon the exchange. Therefore, in general, an exchanging partner that is treated as realizing gain should be treated as having sold its LP units in a contingent payment sale with a stated maximum selling price. An exchanging partner will be treated as realizing gain if the stated maximum selling price exceeds the partner's basis in its LP units exchanged (in each case, without taking into account any liabilities allocable to the partner on account of its ownership of the LP units) (such maximum selling price, the contract price, and such excess, the gross profit), with such amounts subject to possible adjustment if Section 751 of the Internal Revenue Code were to apply to the exchange, as discussed below. An exchanging partner's basis in its LP units is determined as discussed under

*Exchanging Partner's Basis in LP Units* below. Because the liabilities of Artisan Partners Holdings allocable to the exchanging partner on account of the partner's ownership of the LP units exchanged should generally constitute qualifying indebtedness for purposes of the installment sale rules, and assuming such liabilities do not exceed the partner's basis in the LP units exchanged, the partner will compute its gross profit ratio by dividing its gross profit by its contract price. For these purposes, qualifying indebtedness generally includes indebtedness that is incurred or assumed by us

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incident to our acquisition, holding, or operation in the ordinary course of our business or investment, of the LP units exchanged. Except with respect to portions of amounts realized that are treated as interest (under the rules discussed below under *Imputed Interest on Certain TRA Payments*), an exchanging partner that is treated as realizing gain upon exchange will be required to recognize as gain the product of the fair market value of each payment it receives as a result of the exchange (whether in the form of shares of Class A common stock or convertible preferred stock or TRA Payments) and its gross profit ratio. The characterization of any gain or loss taken into account by an exchanging partner upon receipt of Class A common stock or convertible preferred stock under the rules described in this paragraph is discussed below under

*Characterization of an Exchanging Partner's Gain or Loss upon the Exchange*. If, as discussed therein, an exchanging partner were to have Section 751 Income (as defined below) upon the exchange, the partner would not be entitled to report that income using the installment sale method; in that case, the exchanging partner would, for purposes of applying the installment sale method, have to reduce its gross profit and contract price by its Section 751 Income. The characterization of any gain taken into account by an exchanging partner upon receipt of TRA Payments under the rules described in this paragraph is discussed below under *Characterization of an Exchanging Partner's Gain or Loss upon the Exchange*, except that Section 751 of the Internal Revenue Code should not apply.

If the total amount of TRA Payments (other than amounts characterized as interest) that an exchanging partner receives is less than the partner's stated maximum selling price (other than as a result of a discharge of our obligations under the TRA in bankruptcy), the exchanging partner will likely recognize a loss equal the unrecovered portion of its basis in the LP units exchanged. The loss would likely be characterized as a capital loss. The deductibility of capital losses is subject to limitations.

Special rules under the Internal Revenue Code apply to an installment obligation that arises from the disposition of property under the installment method, if the sales price of the property exceeds \$150,000, but only if the obligation is outstanding as of the close of the relevant taxable year and the face amount of all such obligations held by the taxpayer which arose during, and are outstanding as of the close of, the relevant taxable year exceeds \$5,000,000. If these rules apply to a taxpayer, its tax liability for such taxable year is increased by an interest charge calculated by reference to its deferred tax liability resulting from its use of the installment method with respect to such obligations. It is not clear how these special rules are to be applied to installment obligations arising in a contingent payment sale with a stated maximum selling price. We strongly encourage you to consult your tax adviser regarding the tax consequences, if any, to you of the application of these special rules to you.

You are required to file IRS Form 6252 to report your income using the installment method.

### *Exchanging Partner's Basis in LP Units*

Your basis in the LP units received in exchange for a contribution of property, if any, to Artisan Partners Holdings was initially equal to the basis in any property you contributed in exchange for such LP units and your initial share in Artisan Partners Holdings' liabilities. Generally, your basis was increased by (i) your share of the taxable and tax-exempt income of Artisan Partners Holdings and (ii) increases in your share of the liabilities of Artisan Partners Holdings. Generally, your basis was decreased by (i) your share of distributions from Artisan Partners Holdings, (ii) decreases in your share of liabilities of Artisan Partners Holdings, (iii) your share of losses of Artisan Partners Holdings and (iv) your share of nondeductible expenditures of the operating partnership that are not chargeable to capital. However, your basis could not decrease below zero.

If you exchange less than your entire interest in Artisan Partners Holdings, you will be required to allocate a portion of your basis to the LP units you exchange. Such allocation should generally be made based on the relative fair market value of the LP units exchanged and your remaining interest in Artisan Partners Holdings at the time of your exchange. We encourage you to consult your tax adviser regarding how to allocate your basis in your interest in Artisan Partners Holdings to the LP units you exchange.

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### *Characterization of an Exchanging Partner's Gain or Loss upon the Exchange*

Subject to the discussion of Section 751 of the Internal Revenue Code below, any gain recognized by an exchanging partner upon exchange will be treated as capital gain. Any loss recognized will be treated as a capital loss. Capital gain of non-corporate taxpayers derived with respect to capital assets held for more than one year is generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

To the extent that the amount realized upon the exchange attributable to an exchanging partner's share of unrealized receivables of Artisan Partners Holdings, as defined in Section 751 of the Internal Revenue Code, exceeds Artisan Partners Holdings' basis in such receivables, such excess (the Section 751 Income) will be treated as ordinary income. Unrealized receivables include, to the extent not previously included in Artisan Partners Holdings' income, any rights to payment for services rendered or to be rendered. Because Artisan Partners Holdings derives substantially all of its revenues from investment advisory and sub-advisory agreements, all of which are terminable by clients upon short notice or no notice, Artisan Partners Holdings does not believe that a significant amount of its value is attributable to this type of unrealized receivables as of the date hereof. Unrealized receivables also include amounts that would be subject to recapture as ordinary income if Artisan Partners Holdings were to have sold its assets at their fair market value at the time of the exchange, including gain in respect of intangible assets that had previously been amortized. We encourage you to consult your tax advisor regarding the characterization of any gain you recognize upon your exchange of LP units for shares of Class A common stock or convertible preferred stock.

### *Imputed Interest on Certain TRA Payments*

With respect to any TRA Payment received by an exchanging partner more than six months after the date of the applicable exchange, the partner will be required to treat a portion of the payment as interest. The portion treatable as interest will equal the excess of the payment over the present value of the payment as of the date of the exchange, determined by discounting the payment at the applicable federal rate, which the IRS publishes in the Internal Revenue Bulletin for each month. An exchanging partner will be required to use its regular methods of tax account to account for any portion of any TRA Payment that is treated as interest.

### **Tax Consequences of Converting Convertible Preferred Stock into Shares of Class A Common Stock**

For United States federal income tax purposes, the conversion of convertible preferred stock into shares of Class A common stock and cash in lieu of a fractional share, if any, should be treated as a recapitalization. As a result, you should be treated as receiving shares of Class A common stock, including a fractional share, if any, for your convertible preferred stock and then surrendering your fractional share of Class A common stock, if any, for cash. With respect to whole shares of Class A common stock which you receive upon conversion of your convertible preferred stock, you should not recognize any gain or loss upon such conversion, you should have a basis in the shares of Class A common stock equal to your basis in the convertible preferred stock surrendered, and your holding period in the shares of Class A common stock should include your holding period in the convertible preferred stock surrendered. Your basis in the convertible preferred stock surrendered should generally be equal to the fair market value of the convertible preferred stock at the time you received it.

With respect to the cash you are treated as receiving for a fractional share, if any, which you are treated as having received for convertible preferred stock, you should generally recognize gain or loss equal to the difference between the tax basis which you are treated as having in such fractional share and the amount of cash received. The tax basis which you should be treated as having in such fractional share should be equal to your basis in the convertible preferred stock which you are treated as having surrendered therefor.

The gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if your holding period for the shares exceeds one year. Long-term capital gain recognized by a non-corporate United States holder is generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to

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limitations. However, if the deemed redemption of your fractional share is neither (i) not essentially equivalent to a dividend, (ii) substantially disproportionate with respect to you, (iii) in complete redemption of your interest in the our stock, nor, (iv) in the case of non-corporate United States holders, in partial liquidation of Artisan Partners Asset Management, each of the foregoing within the meaning of Section 302(b) of the Internal Revenue Code, the cash you receive in the deemed redemption of your fractional share will be treated as a dividend to the extent of our current or accumulated earnings and profits. You should consult your own tax advisor regarding the characterization of the deemed redemption of your fractional share for cash for tax purposes.

If you are a significant holder of Artisan Partners Asset Management, as defined in Section 1.368-3(c)(1) of the Treasury Regulations, you may be required to file the statement described in Section 1.368-3(b) of the Treasury Regulations with the IRS.

## **Tax Consequences of Owning and Disposing of Shares of Class A Common Stock**

### ***Distributions***

In general, if distributions are made with respect to shares of Class A common stock, the distributions will be treated as dividends to the extent of our current and accumulated earnings and profits, as determined for United States federal income tax purposes. Any portion of a distribution in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital reducing your tax basis in the shares of Class A common stock, and thereafter as capital gain, the tax treatment of which is discussed below under *Sale or Redemptions*. For purposes of the remainder of the discussion in this subsection, it is assumed that dividends paid on shares of Class A common stock will constitute dividends for United States federal income tax purposes.

If you are a corporation, dividends that you receive on shares of Class A common stock will generally entitle you to a 70% dividends-received deduction provided certain holding period and other requirements are met. If you are an individual, dividends that you receive on shares of Class A common stock will generally be subject to tax at the preferential rates applicable to long-term capital gains provided certain holding period and other requirements are met. You should consult your own tax advisor regarding whether these rules apply to you.

### ***Sale or Redemptions***

A sale, exchange or other disposition of shares of Class A common stock will generally result in gain or loss equal to the difference between the amount realized upon the disposition and your adjusted tax basis in the shares. If you acquired the shares of Class A common stock by exchanging your LP units therefor, your adjusted tax basis in the shares should equal the fair market value of the shares at the time you acquired them and your holding period for the shares should begin on the day after you acquired them. If you acquired the shares of Class A common stock upon conversion of your convertible preferred stock therefor, the determination of your adjusted tax basis in the shares and your holding period with respect to the shares is described above under *Tax Consequences of Converting Convertible Preferred Stock into Shares of Class A Common Stock*. In each case, your tax basis in your shares of Class A common stock may be subject to reduction as described above under

*Distributions*. Gain or loss will be capital gain or loss and will be long-term capital gain or loss if your holding period for the shares exceeds one year. Long-term capital gain recognized by a non-corporate United States holder is generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A redemption of your shares of Class A common stock for cash will be treated as a sale or exchange, taxable as described in the preceding paragraph, if, as is most likely, the redemption is (i) not essentially equivalent to a dividend, (ii) substantially disproportionate with respect to you, (iii) in complete redemption of your interest in our stock, or, (iv) in the case of non-corporate United States holders, in partial liquidation of Artisan



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Partners Asset Management, each of the foregoing within the meaning of Section 302(b) of the Internal Revenue Code. If none of the above standards is satisfied, then a payment in redemption of your shares of Class A common stock will be treated as a distribution subject to the tax treatment described above under **Distributions** .

We strongly encourage you to consult your own tax advisor regarding the characterization of a redemption payment under the rules described in this subsection and the consequences of such characterization to you.

## **Medicare Tax**

If you are an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, you are subject to a 3.8% tax, or the Medicare Tax, on the lesser of (1) your net investment income for the relevant taxable year and (2) the excess of your modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). Your net investment income generally includes your net gains in respect of your exchange of LP units for shares of Class A common stock or convertible preferred stock, your dividend income with respect to your shares of Class A common stock, and your net gains in respect of your sale, exchange, or redemption of your shares of Class A common stock, unless such income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, we encourage you to consult your tax advisors regarding the applicability of the Medicare Tax to your net gains in respect of your exchange of LP units for shares of Class A common stock or convertible preferred stock, your dividend income with respect to your shares of Class A common stock, and your net gains in respect of your sale, exchange, or redemption your shares of Class A common stock.

## **Information Reporting and Backup Withholding**

In general, if you are a noncorporate United States holder, we and other payors are required to report to the IRS the proceeds from your exchange of LP units for shares of Class A common stock or convertible preferred stock, the dividends you receive with respect to your shares of Class A common stock, and any payment of proceeds of the sale, exchange, or redemption of your shares of Class A common stock before maturity. Additionally, backup withholding would apply to any such payments, if you fail to provide an accurate taxpayer identification number, or you are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

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**DESCRIPTION OF CAPITAL STOCK**

The following description of our capital stock is a summary and is qualified in its entirety by reference to our restated certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part. See [Incorporation by Reference](#) and [Where You Can Find More Information](#).

Our authorized capital stock consists of 500,000,000 shares of Class A common stock, par value \$0.01 per share, 200,000,000 shares of Class B common stock, par value \$0.01 per share, 400,000,000 shares of Class C common stock, par value \$0.01 per share, and 100,000,000 shares of preferred stock (including 15,000,000 shares designated as convertible preferred stock, par value \$0.01 per share).

**Common Stock**

***Class A Common Stock***

The holders of our Class A common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders.

The holders of our Class A common stock are entitled to receive dividends (including dividends payable in shares of our Class A common stock or in rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A common stock paid proportionally with respect to each outstanding share of our Class A common stock), if declared by our board of directors, out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. In the event that we receive any distributions on preferred units of Artisan Partners Holdings held by us, the terms of our convertible preferred stock prevent us from declaring or paying any dividend on our Class A common stock until we have paid to the convertible preferred stockholders an amount per share equal to the proceeds per preferred unit of any distributions we receive on the preferred units held by us plus the cumulative amount of any prior distributions made on the preferred units held by us which have not been paid to the convertible preferred stockholders, net of taxes, if any, payable by us on (without duplication) (i) allocations of taxable income related to such distributions and (ii) the distributions themselves, in each case in respect of the preferred units held by us. The rights of the holders of Class A common stock to distributions, including upon liquidation, are subject to the H&F preference, as described under [Preferred Stock](#) [Convertible Preferred Stock](#) [Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock](#) . If the H&F preference is terminated, upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our Class A common stock will be entitled to receive, on a pro rata basis, our remaining assets available for distribution.

The holders of our Class A common stock do not have preemptive, subscription, redemption or conversion rights.

***Class B Common Stock***

Initially, the holders of our Class B common stock are entitled to five votes for each share held of record on all matters submitted to a vote of stockholders. If and when the holders of our Class B common stock collectively hold less than 20% of the aggregate number of outstanding shares of our common stock and our convertible preferred stock, each share of Class B common stock will entitle its holder to only one vote per share held of record on all matters submitted to a vote of stockholders.

Our employee-partners as the holders of the Class B common units of Artisan Partners Holdings are currently the holders of all of the issued and outstanding shares of Class B common stock. Upon the termination

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of the employment of an employee-partner, the employee-partner's vested Class B common units and the associated Class B common stock are automatically exchanged for Class E common units and Class C common stock, respectively, and we cancel each unvested share of the employee-partner's Class B common stock. Unvested Class B common units are forfeited by the terminated employee-partner.

The holders of our Class B common stock do not have any right to receive dividends (other than dividends payable in shares of our Class B common stock or in rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock) or to receive a distribution upon the dissolution, liquidation or sale of all or substantially all of our assets.

The holders of our Class B common stock do not have preemptive, subscription, redemption or conversion rights.

### ***Class C Common Stock***

The holders of our Class C common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders.

The holders of the Class A common units and preferred units of Artisan Partners Holdings, our former employee-partners and AIC as the holder of the Class D common units are currently the holders of all of the issued and outstanding shares of Class C common stock.

The holders of our Class C common stock do not have any right to receive dividends (other than dividends consisting of shares of our Class C common stock or in rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of our Class C common stock paid proportionally with respect to each outstanding share of our Class C common stock) or to receive a distribution upon the dissolution, liquidation or sale of all or substantially all of our assets.

The holders of our Class C common stock do not have preemptive, subscription, redemption or conversion rights.

### **Preferred Stock**

Our restated certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock. Unless required by law or by any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by the stockholders. Our board of directors is authorized to divide the preferred stock into series and, with respect to each series, to fix and determine the designation, terms, preferences, limitations and relative rights thereof, including the dividend rights, conversion or exchange rights, voting rights, redemption rights and terms, liquidation preferences, sinking fund provisions and the number of shares constituting the series.

Subject to the rights of the holders of any series of preferred stock, the number of authorized shares of any series of preferred stock may be increased (but not above the total number of shares of preferred stock authorized under our restated certificate of incorporation) or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares. We could, without stockholder approval, issue preferred stock that could impede or discourage an acquisition attempt or other transaction that some, or a majority, of our stockholders may believe is in their best interests or in which they may receive a premium for their Class A common stock over the market price of the Class A common stock.

### ***Convertible Preferred Stock***

The holders of our convertible preferred stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders.

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The holder of our convertible preferred stock is currently a private equity fund controlled by Hellman & Friedman LLC. Shares of convertible preferred stock will also be issued upon exchange of preferred units of Artisan Partners Holdings on a one-for-one basis.

The holders of our convertible preferred stock are entitled to receive dividends, if declared by our board of directors, out of funds legally available therefor, subject to a maximum amount, per share, equal to the proceeds per preferred unit received by Artisan Partners Asset Management, net of taxes, if any, payable by Artisan Partners Asset Management on (without duplication) (i) allocations of taxable income related to such distributions and (ii) the distributions themselves, in each case in respect of the preferred units held by us (using an assumed tax rate based on the maximum combined corporate federal, state and local income tax rate applicable to us, taking into account the deductibility of state and local income taxes). For purposes of determining the taxable income or gain attributable to proceeds in respect of the preferred units held by us, any deduction or loss that is taken into account under the tax receivable agreements is excluded.

The holders of our convertible preferred stock do not have preemptive, subscription or redemption rights.

### ***Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock***

Taxable income and loss and distributions of profits of Artisan Partners Holdings are generally allocated and made to its partners pro rata in accordance with the number of partnership units of Artisan Partners Holdings they hold, except in the case of (i) a partial capital event or (ii) dissolution of Artisan Partners Holdings (as described below). We refer in this prospectus to the preferential distributions in the case of partial capital events or dissolution of Artisan Partners Holdings, together with the preference rights of the convertible preferred stock, as the H&F preference. The H&F preference will terminate if the average daily volume weighted average price, or VWAP, of our Class A common stock for any period of 60 consecutive trading days, beginning June 12, 2014, is at least \$43.11 divided by the then-applicable conversion rate.

We will always hold a number of preferred units of Artisan Partners Holdings equal to the number of shares of convertible preferred stock outstanding. We are entitled to any distributions (including preferential distributions) paid on the preferred units we hold. Each share of convertible preferred stock entitles its holder to dividends equal to the proceeds per preferred unit of such distributions plus the cumulative amount of any prior distributions made on the preferred units held by us which have not been paid to the convertible preferred stockholders, net of taxes, if any, payable by us on (without duplication) (i) allocations of taxable income related to such distributions and (ii) the distributions themselves, in each case in respect of the preferred units held by us (using an assumed tax rate based on the maximum combined corporate federal, state and local income tax rate applicable to us, taking into account the deductibility of state and local income taxes). For purposes of determining the taxable income or gain attributable to proceeds in respect of the preferred units held by us, any deduction or loss that is taken into account under the tax receivable agreements is excluded. Until we have declared and paid a dividend, or, in the case of a liquidation, distributed an amount equal to such proceeds to the holders of our convertible preferred stock, we may not declare or pay a dividend on, or redeem or repurchase shares of, any other class of our capital stock, including our Class A common stock.

***Partial Capital Events.*** A partial capital event means any sale, transfer, conveyance or disposition of consolidated assets of Artisan Partners Holdings for cash or other liquid consideration (other than in a transaction (i) in the ordinary course of business, (ii) that involves assets with a fair market value of less than or equal to 1% of the consolidated assets of Artisan Partners Holdings or (iii) that is part of or would result in a dissolution of Artisan Partners Holdings), or the incurrence of indebtedness by Artisan Partners Holdings or its subsidiaries, the principal purpose of which is to distribute the proceeds to the partners or equity holders thereof. A partial capital event does not include the incurrence of any indebtedness that is refinancing indebtedness of Artisan Partners Holdings outstanding on or prior to March 12, 2013.

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The net proceeds of any partial capital event will be distributed:

first, 60% to the holders of the preferred units and 40% to the holders of all of the classes of common units and GP units, in each case in proportion to their respective capital account balances, until the amount distributed on each preferred unit in respect of all partial capital events equals \$34.49 per unit, which we refer to as the per unit preference amount;

second, in the event that any amounts were ever distributed in accordance with the preceding bullet point, 100% to the holders of all of the classes of common units and GP units, in each case in proportion to their respective capital account balances, until the cumulative amount distributed on each such unit in respect of all partial capital events equals the cumulative amount the holders of all of the classes of common units and GP units would have received from all partial capital event distributions had all such distributions been made in proportion to the respective number of partnership units held by all partners; and

third, to the holders of all classes of partnership units (including GP units) in proportion to their respective capital account balances. Notwithstanding the foregoing, the holders of the preferred units may decline all or any portion of a preferential distribution of the net proceeds of a partial capital event.

***Dissolution.*** The assets of Artisan Partners Holdings will be distributed upon its dissolution, after satisfaction of its debts and liabilities:

first, in the event Artisan Partners Holdings has undistributed profits earned or accrued after our IPO, to the holders of all classes of partnership units (including GP units), in each case in proportion to each partner's respective number of units at the time such profits were earned or accrued, until Artisan Partners Holdings has distributed all such profits;

second, to the holders of all classes of partnership units (including GP units), in each case in proportion to their interests in undistributed profits earned or accrued prior to the consummation of our IPO until Artisan Partners Holdings has distributed all such profits, provided that Artisan Partners Asset Management shall have an initial interest in such profits equal to the percentage interest of all partnership units represented by its GP units;

third, to the holders of the preferred units in proportion to their respective capital account balances, until the amount distributed on each preferred unit (including any preferential distributions previously made in connection with any partial capital event) equals the per unit preference amount;

fourth, in the event that any amounts have been distributed to the holders of preferred units upon a partial capital event or pursuant to the preceding bullet point, to the holders of all of the classes of common units and GP units, in each case in proportion to their respective capital account balances, until the cumulative amount distributed on each such unit (including distributions in respect of partial capital events since the completion of our IPO) equals the cumulative amount the holders of all of the classes of common units and GP units would have received from all partial capital event and dissolution distributions had all such distributions been made in proportion to the respective number of partnership units held by all partners; and

fifth, to the holders of all of the classes of partnership units (including the GP units) in proportion to their respective capital account balances.

Upon termination of the H&F preference, if any preferential distributions were previously made with respect to the preferred units, distributions in the case of a partial capital event or dissolution of Artisan Partners Holdings will be made solely to the holders of partnership units (including GP units) other than the preferred units, in each case in proportion to their respective capital account balances, until the cumulative amount distributed per unit equals the amount the holders of partnership units (including GP units) would have received



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from all partial capital event and dissolution distributions had all such distributions been made in proportion to the respective number of partnership units held by all partners. After that, all holders of the partnership units, including the holders of the preferred units, will be entitled to distributions in proportion to their respective capital account balances, and Artisan Partners Holdings will no longer be required to make any distributions in connection with a partial capital event. The balance of each partner's capital account as a percentage of the aggregate capital account balances of all partners corresponds to that partner's respective percentage interest in the profits of Artisan Partners Holdings.

### ***Convertible Preferred Stock Conversion Rate***

Each share of our convertible preferred stock is convertible into a number of shares of our Class A common stock equal to the conversion rate (as described below). When the holders of convertible preferred stock are no longer entitled to preferential distributions, as described above in *Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock* and any preferred distributions have been paid in full to such holders, all shares of convertible preferred stock will automatically convert into shares of our Class A common stock at the then-applicable conversion rate plus cash in lieu of fractional shares (after aggregating all shares of our Class A common stock that would otherwise be received by such holder).

The conversion rate will equal the excess, if any, of (a) one over (b) a fraction equal to (x) the cumulative excess distributions per preferred unit (as described below) divided by (y) the average daily VWAP per share of our Class A common stock for the 60 consecutive trading days immediately preceding the conversion date. The cumulative excess distributions per preferred unit will equal the excess, if any, of (a) the cumulative amount of distributions upon partial capital events made per preferred unit over (b) the cumulative amount of distributions upon partial capital events made, on a per unit basis, to the holders of the classes of units other than the preferred units. The conversion rate will equal one when either (i) no partial capital events have occurred or (ii) when the amount distributed in respect of all partial capital events on a per unit basis equals the amount distributed per preferred unit in respect of all partial capital events.

### **Voting**

Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of the election of directors, by a plurality) of the votes entitled to be cast by all shares of Class A common stock, Class B common stock, Class C common stock and convertible preferred stock present in person or represented by proxy, voting together as a single class. However, as set forth below under *Anti-Takeover Effects of Provisions of Delaware Law and Our Restated Certificate of Incorporation and Amended and Restated Bylaws Amendments to Our Governing Documents*, certain material amendments to our restated certificate of incorporation must be approved by at least 66 2/3% of the combined voting power of all of our outstanding capital stock entitled to vote in the election of our board, voting together as a single class. In addition, amendments to our restated certificate of incorporation, including in connection with a merger, that would alter or change the powers, preferences or rights of the Class A common stock, Class B common stock, Class C common stock or convertible preferred stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class or series, as applicable. With certain exceptions, any amendment to our restated certificate of incorporation to increase or decrease the authorized shares of any class of common stock or the convertible preferred stock must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class or series, as applicable.

### **Authorized but Unissued Capital Stock**

The Delaware General Corporation Law, or DGCL, does not generally require stockholder approval for the issuance of authorized shares. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions. However, the listing requirements

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of the NYSE, which would apply so long as the Class A common stock remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of Class A common stock.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities they may believe are in their best interests or in which they may receive a premium for their Class A common stock over the market price of the Class A common stock.

## **Anti-Takeover Effects of Provisions of Delaware Law and Our Restated Certificate of Incorporation and Amended and Restated Bylaws**

### ***Business Combination Statute***

We are a Delaware corporation subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified in the law, a Delaware corporation shall not engage in any business combination with any interested stockholder for a three-year period following the time such stockholder became an interested stockholder unless:

prior to such time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares as specified in Section 203; or

at or subsequent to such time the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an interested stockholder is a person who, together with that person's affiliates and associates, owns, or within the previous three years did own, 15% or more of our voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage companies interested in acquiring our company to negotiate in advance with our board of directors because the stockholder approval requirement described above would be avoided if our board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

### ***Corporate Opportunities***

Our restated certificate of incorporation provides that, to the fullest extent permitted by applicable law, Hellman & Friedman LLC, Sutter Hill Ventures and their respective affiliates have no obligation to offer us an opportunity to participate in business opportunities presented to Hellman & Friedman LLC, Sutter Hill Ventures or their respective affiliates even if the opportunity is one that we might reasonably have pursued (and therefore may be free to compete with us in the same business or similar business), and we renounce and waive and agree not to assert any claim for breach of any fiduciary or other duty relating to any such opportunity against Hellman & Friedman LLC or Sutter Hill Ventures or their respective affiliates by reason of any such activities



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unless, in the case of any person who is a director or officer of our company, such opportunity is expressly offered to such director or officer in writing solely in his or her capacity as an officer or director of our company. Stockholders are deemed to have notice of and consented to this provision of our restated certificate of incorporation.

### ***Requirements for Advance Notification of Stockholder Nominations and Proposals***

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors. These procedures provide that notice of such stockholder approval must be timely given in writing to our secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. The notice must contain certain information required to be provided by the amended and restated bylaws.

### ***Limits on Written Consents***

Our restated certificate of incorporation provides that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders or may be effected by a unanimous consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of our Class B and Class C common stock or our preferred stock to act by written consent in connection with actions that require their vote as a separate class.

### ***Annual Meetings; Limits on Special Meetings***

We expect to have annual meetings of stockholders beginning in 2014. Subject to the rights of the holders of any series of preferred stock, special meetings of the stockholders may be called only by (i) our board of directors, (ii) the Chairman of our board or (iii) our Chief Executive Officer.

### ***Amendments to Our Governing Documents***

Generally, the amendment of our restated certificate of incorporation requires approval by our board of directors and a majority vote of stockholders; however, certain material amendments (including amendments with respect to provisions governing board composition, actions by written consent and special meetings) require the approval of at least 66 2/3% of the votes entitled to be cast by the outstanding capital stock in the elections of our board. Any amendment to our amended and restated bylaws requires the approval of either a majority of our board of directors or the holders of at least 66 2/3% of the votes entitled to be cast by the outstanding capital stock in the election of our board. Such a super majority vote of the board shall be required for the board to amend the bylaws to increase the number of directors and, prior to December 31, 2016, no such amendment shall increase the number of directors to more than nine or decrease the number of directors to fewer than four. In addition, amendments to our restated certificate of incorporation (whether by merger, consolidation or otherwise) that would alter or change the powers, preferences or rights of the Class A common stock, Class B common stock, Class C common stock or convertible preferred stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class or series, as applicable. Any amendment to our restated certificate of incorporation (whether by merger, consolidation or otherwise) to increase or decrease the authorized shares of any class of common stock or the convertible preferred stock must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class or series, as applicable.

### ***Sole and Exclusive Forum***

Our restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action

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or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our restated certificate of incorporation. This choice of forum provision may have the effect of discouraging lawsuits against us and our directors, officers, employees and agents. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find the provision of our restated certificate of incorporation to be inapplicable or unenforceable.

### ***Amended and Restated Limited Partnership Agreement of Artisan Partners Holdings LP***

We depend upon distributions from Artisan Partners Holdings to fund our dividends and any other distributions. For a description of the material terms of the amended and restated limited partnership agreement of Artisan Partners Holdings, see [Artisan Partners Holdings Fifth Amended and Restated Limited Partnership Agreement](#) .

### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

### **Listing**

Our Class A common stock is listed on the New York Stock Exchange under the symbol [APAM](#) .

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**ARTISAN PARTNERS HOLDINGS FIFTH AMENDED AND RESTATED**

**LIMITED PARTNERSHIP AGREEMENT**

As a holding company, Artisan Partners Asset Management conducts all of its business activities through its direct subsidiary, Artisan Partners Holdings, an intermediate holding company, which wholly owns Artisan Partners Limited Partnership, its principal operating subsidiary. The rights and obligations of Artisan Partners Holdings' partners are currently set forth in the fifth amended and restated limited partnership agreement of Artisan Partners Holdings, which is filed as an exhibit to the registration statement of which this prospectus forms a part. See "Incorporation by Reference" and "Where You Can Find More Information." The following is a description of the material terms of this agreement and is qualified in its entirety by reference to the fifth amended and restated limited partnership agreement of Artisan Partners Holdings.

**Governance**

We are the general partner of Artisan Partners Holdings. As such, we control its business and affairs and are responsible for the management of its business, subject to the voting rights of the limited partners as described under "Voting and Class Approval Rights." We have the power to delegate certain of our management responsibilities in respect of Artisan Partners Holdings to officers, as determined by our board of directors. No limited partners of Artisan Partners Holdings, in their capacity as such, have any authority or right to control the management of Artisan Partners Holdings or to bind it in connection with any matter.

**Economic Rights of Partners**

Artisan Partners Holdings has GP units, common units and preferred units. Net profits and net losses and distributions of profits of Artisan Partners Holdings are allocated and made to partners pro rata in accordance with the number of partnership units of Artisan Partners Holdings they hold (whether or not vested), except in the case of a partial capital event or dissolution of Artisan Partners Holdings as described under "Description of Capital Stock - Preferred Stock - Convertible Preferred Stock - Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock." As of March 31, 2014, net profits and net losses of Artisan Partners Holdings are allocated, and distributions of profits are made (subject to the H&F preference, as described under "Description of Capital Stock - Preferred Stock - Convertible Preferred Stock - Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock"), approximately 41% to us and 59% in the aggregate to Artisan Partners Holdings' limited partners.

Artisan Partners Holdings is obligated to distribute to us and its other partners (or former partners) cash payments for the purposes of funding tax obligations in respect of the taxable income and net capital gain that is allocated to us and them, respectively, as partners of Artisan Partners Holdings. In addition, Artisan Partners Holdings may make distributions to us without making pro rata distributions to other partners in order to fund our operating expenses, overhead and other fees and expenses.

**Coordination of Artisan Partners Asset Management and Artisan Partners Holdings**

In order to make a share of Class A common stock represent the same percentage economic interest, disregarding corporate-level taxes and payments with respect to the tax receivable agreements, in Artisan Partners Holdings as a common unit of Artisan Partners Holdings, we always hold a number of GP units equal to the number of shares of Class A common stock issued and outstanding. Accordingly, upon the exchange of LP units of Artisan Partners Holdings or conversion of shares of our convertible preferred stock for Class A common stock as contemplated by this prospectus, we will receive a number of GP units equal to the number of shares of Class A common stock issued upon such exchange or conversion. Any time we issue a share of our Class A common stock and use the proceeds therefrom to purchase or redeem LP units or shares of our convertible preferred stock, following such purchase or redemption we will hold an additional number of GP units equal to the shares of Class A common stock so issued and an equal number of LP units will no longer be outstanding.

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Any time we issue a share of our Class A common stock pursuant to our 2013 Omnibus Incentive Compensation Plan or 2013 Non-Employee Director Plan, Artisan Partners Holdings issues to us a GP unit. If Artisan Partners Holdings issues a common unit pursuant to our 2013 Omnibus Incentive Compensation Plan, we will issue a share of Class B common stock to the recipient of the common unit. Upon the forfeiture of any common unit held by an employee-partner as a result of applicable vesting provisions, the breach of any restrictive covenants in grant agreements, or otherwise, a corresponding share of our Class B common stock is automatically redeemed and cancelled by us. In the event that we issue other classes or series of our equity securities, Artisan Partners Holdings will issue an equal amount of equity securities of Artisan Partners Holdings with designations, preferences and other rights and terms that are substantially the same as our newly issued equity securities. Conversely, if we redeem, repurchase or otherwise acquire any shares of our Class A common stock for cash, Artisan Partners Holdings will, at substantially the same time as our transaction, redeem an equal number of GP units held by us, upon the same terms and for the same price, as the shares of our Class A common stock are redeemed, repurchased or otherwise acquired.

We may, upon the consummation of a merger, consolidation or other business combination involving us (unless such a transaction would result in our voting stock continuing to represent at least a majority of the total voting power of the voting stock of the surviving entity or its parent), require each holder of LP units to exchange all such units (together with an equal number of shares of Class B common stock or Class C common stock, as applicable) for shares of our Class A common stock, in the case of common units, or shares of our convertible preferred stock, in the case of the preferred units, and to convert such shares of convertible preferred stock into shares of our Class A common stock. In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to our Class A common stock is proposed by us or by a third party and approved by our board of directors or is otherwise effected with the consent of our board of directors, each holder of LP units (other than us) will be permitted to participate in such transaction by exchanging their units for shares of our Class A common stock or converting their shares of convertible preferred stock contingent upon the consummation of the transaction.

We have agreed, as general partner, that we will not conduct any business other than the management and ownership of Artisan Partners Holdings and its subsidiaries, or own any other assets (other than assets on a temporary basis), although we may incur indebtedness, own other assets and take other actions if we determine in good faith that such indebtedness, ownership or other actions are in the best interest of Artisan Partners Holdings. In addition, the LP units, as well as our common stock, are subject to equivalent stock splits, dividends and reclassifications and other similar transactions.

## **Issuances and Transfers of Partnership Units**

GP units of Artisan Partners Holdings may only be issued to us, its general partner, and are non-transferable. We do not intend to cause Artisan Partners Holdings to issue additional partnership or other units other than GP units, units under our 2013 Omnibus Incentive Compensation Plan or Class E common units upon the termination of the employment of an employee-partner. The holders of the LP units may not transfer any such LP units to any person unless he or she transfers an equal number of shares of our Class B common stock or Class C common stock to the same transferee. The common units of Artisan Partners Holdings are transferable only to family members or certain estate planning vehicles of the transferor or in distributions by certain of our initial outside investors to any one or more of their partners or members. Preferred units of Artisan Partners Holdings and shares of our convertible preferred stock cannot be transferred except in transfers by private equity funds controlled by Hellman & Friedman LLC, or the H&F holders, the original holders of such preferred units and shares of convertible preferred stock, to certain partners, stockholders or affiliates.

## **Voting and Class Approval Rights**

As the general partner of Artisan Partners Holdings, we hold all GP units and control the business of Artisan Partners Holdings. Our approval, acting in our capacity as the general partner, along with the approval of the

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holders of a majority of each class of LP units (except the Class E common units and the preferred units), voting as a separate class, is required to:

engage in a material corporate transaction, including a merger, consolidation, dissolution or sale of greater than 25% of the fair market value of the partnership's assets;

with certain exceptions, redeem or reclassify partnership units or interests in any subsidiary, issue additional partnership units or interests in any subsidiary, or create additional classes of partnership units or interests in any subsidiary, provided that, without the consent of the limited partners or any class thereof, (i) the partnership may issue additional partnership units the issuance of which has been approved by the stockholders of Artisan Partners Asset Management and preferred units that are expressly junior in rights to the outstanding preferred units, (ii) the partnership may redeem partnership units from Artisan Partners Asset Management if it uses the proceeds of such redemption to repurchase shares of its Class A common stock or convertible preferred stock, (iii) from and after the date on which any person ceases to provide any services to the partnership or any subsidiary, redeem or reclassify partnership units that are held by such person, (iv) issue, redeem or reclassify interests in any subsidiary that will be or are held by persons providing (or who formerly provided) services to the applicable subsidiary, provided that the amount and terms of each such issuance, redemption or reclassification with respect to any such person have been approved by our board of directors or a committee thereof, and (v) after July 1, 2016, issue, redeem or reclassify partnership units or interests in any subsidiary that will be or are held by persons providing (or who formerly provided) services to the partnership or any subsidiary, provided that such issuance, redemption or reclassification has been approved by our board of directors or a committee thereof; or

make any in-kind distributions.

If any of the foregoing affects only certain classes of LP units, only the approval of the general partner and the affected classes would be required to approve such a transaction or issuance in accordance with the terms of the amended and restated limited partnership agreement. The right of each class of LP units to approve or disapprove such a transaction or issuance will terminate when the holders of the respective class of LP units directly or indirectly cease to own LP units constituting at least 5% of the outstanding partnership units of Artisan Partners Holdings. In addition, the consent of the holders of a majority of the Class A common units, Class B common units, Class D common units and preferred units, each voting as a separate class, is required for any action on tax matters that materially adversely affects the allocation of the step-up in basis of assets under certain tax laws with respect to the limited partners.

Artisan Partners Asset Management has agreed that it will vote the preferred units that it holds pursuant to the instructions of the holders of the convertible preferred stock in connection with any voting rights of the holders of the preferred units.

## **Amendments**

The amended and restated limited partnership agreement may be amended with the consent of the general partner and the holders of a majority of the Class A common units, Class B common units, Class D common units and preferred units, each voting as a separate class, provided that the general partner may, without the consent of any limited partner, make amendments that do not materially and adversely affect any limited partners. To the extent any amendment materially and adversely affects only certain classes of limited partners, only the holders of a majority of the units of the affected classes have the right to approve such amendment.

Notwithstanding the foregoing, no amendment increasing the personal liability of a limited partner, requiring any additional capital contribution by a limited partner or converting a limited partner's interest into a general partner's interest may be made without the consent of the affected limited partner.

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In addition, if our board of directors determines that the result obtained by applying the terms of the amended and restated limited partnership agreement is inconsistent with the intended substantive result, then, by a three-quarters vote of the members of the board then in office, an alternative result and related allocations, determinations and distributions shall govern in lieu of the provisions in the agreement notwithstanding anything in the agreement to the contrary, provided that, if our board of directors does not then include a director designated by AIC, or who is a holder of Class A common units or Class B common units, in each case pursuant to the stockholders agreement, then the holders of a majority of the Class D common units, Class A common units or Class B common units, as the case may be, voting as a separate class, must approve any alternative result and related allocations, determinations and distributions.

***Tax Consequences***

As the general partner of Artisan Partners Holdings, we incur U.S. federal, state and local income taxes on our allocable share of any of its net taxable income. Artisan Partners Holdings is obligated to distribute to us and its other partners cash payments for the purpose of funding tax obligations in respect of the taxable income and net capital gain that is allocated to us and them, respectively, as partners of Artisan Partners Holdings.

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**COMPARISON OF OWNERSHIP OF LIMITED PARTNERSHIP UNITS OF ARTISAN PARTNERS HOLDINGS, OUR CLASS A COMMON STOCK AND OUR CONVERTIBLE PREFERRED STOCK**

The information below highlights a number of the significant differences between the rights and privileges associated with ownership of LP units, our convertible preferred stock and our Class A common stock. This discussion is intended to assist the holders of LP units in understanding how their investment will change if their LP units are exchanged for shares of Class A common stock or convertible preferred stock and to assist the holders of shares of our convertible preferred stock in understanding how their investment will change if their shares of our convertible preferred stock are converted for shares of our Class A common stock. The following information is summary in nature, is not intended to describe all the differences between the LP units, shares of our convertible preferred stock and shares of our Class A common stock and is qualified by reference to the amended and restated limited partnership agreement of Artisan Partners Holdings, our restated certificate of incorporation and our amended and restated bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part. See [Incorporation by Reference](#) and [Where You Can Find More Information](#).

**Artisan Partners Asset Management**

**Artisan Partners Holdings**

**Form of Organization and Assets**

Artisan Partners Asset Management is a Delaware corporation governed by the DGCL. The company's principal assets consist of its ownership of partnership units of Artisan Partners Holdings, deferred tax assets and cash. As the sole general partner of Artisan Partners Holdings, the company operates and controls all of the business and affairs of Artisan Partners Holdings.

Artisan Partners Holdings is a Delaware limited partnership governed by the Delaware Revised Uniform Limited Partnership Act, or the DRULPA. The company conducts all of its business activities through operating subsidiaries of Artisan Partners Holdings.

**Authorized Share Capital**

The total number of shares of all classes of stock the company is authorized to issue is 1,200,000,000 consisting of (i) 500,000,000 shares of Class A common stock, par value \$0.01 per share, (ii) 200,000,000 shares of Class B common stock, par value \$0.01 per share, (iii) 400,000,000 shares of Class C common stock, par value \$0.01 per share, and (iv) 100,000,000 shares of preferred stock (including 15,000,000 shares designated as convertible preferred stock, par value \$0.01 per share). The authorized shares of any class of common stock or the convertible preferred stock may be increased or decreased or eliminated by an affirmative vote of the holders of a majority of the shares of the class or series of shares voting as a separate class or series, subject to the reservation of shares for the purpose of effecting the exchange of LP units (other than the LP units held by the company) for, and the conversion of the convertible preferred stock into, Class A common stock.

Artisan Partners Asset Management, as Artisan Partners Holdings general partner, has the right to authorize and cause Artisan Partners Holdings to issue additional partnership units, including common units, preferred units or other classes or series units having such rights, preferences and privileges as determined by Artisan Partners Asset Management (subject to the provisions in the limited partnership agreement of Artisan Partners Holding governing exchanges, issuances of additional partnership units and reclassifications, subdivisions and additional issuances) and obligations, evidences of indebtedness or other securities or interests convertible into or exercisable or exchangeable for partnership units. We do not intend to cause Artisan Partners Holdings to issue additional partnership or other units other than GP units, units under our 2013 Omnibus Incentive Compensation Plan or Class E common units upon the termination of the employment of an employee-partner.

**Voting Rights**

The holders of our Class A common stock, Class C common stock and convertible preferred stock are

Artisan Partners Asset Management, as Artisan Partners Holdings general partner, has the exclusive

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**Artisan Partners Asset Management**

entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Initially, the holders of our Class B common stock are entitled to five votes for each share held of record on all matters submitted to a vote of stockholders. Our employees to whom we have granted equity have entered into a stockholders agreement pursuant to which such employees granted an irrevocable voting proxy with respect to all shares of Class B common stock and Class A common stock they have acquired from us and may acquire from us in the future to a stockholders committee. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement .

If and when the holders of our Class B common stock collectively hold less than 20% of the aggregate number of outstanding shares of our common stock and our convertible preferred stock, each share of Class B common stock will entitle its holder to only one vote per share held of record on all matters submitted to a vote of stockholders and the stockholders agreement may be terminated. See also Description of Capital Stock Voting . As of March 31, 2014, the holders of our Class B common stock collectively held approximately 32% of the aggregate number of outstanding shares of our common stock and our convertible preferred stock.

**Dividend Rights/Distributions**

For a description of the rights of Class A common stockholders to receive dividends or a distribution upon the dissolution, liquidation or sale of all or substantially all of the company's assets, see Description of Capital Stock Class A Common Stock .

For a description of the rights of convertible preferred stockholders to receive dividends or a distribution upon the dissolution, liquidation or sale of all or substantially all of the company's assets, see Description of Capital Stock Preferred Stock Convertible Preferred Stock .

The holders of shares of our Class B common stock and Class C common stock do not have any right to receive dividends (other than dividends payable in shares of the Class B common stock or Class C common stock, as applicable, or in rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B common stock or Class C common stock, as applicable, paid proportionally with respect to each outstanding share of the Class B common stock or Class C common stock, as

**Artisan Partners Holdings**

authority to manage and conduct the business of Artisan Partners Holdings. The limited partners of Artisan Partners Holdings have no right to take part in the control of the business of the partnership or otherwise take any action that would make the limited partner liable for the obligations of the partnership under the DRULPA, except for certain voting and class approval rights. See also Artisan Partners Holdings Fifth Amended and Restated Limited Partnership Agreement Voting and Class Approval Rights .

Pursuant to the limited partnership agreement of Artisan Partners Holdings, as amended, Artisan Partners Asset Management has the right to determine when distributions will be made to the holders of partnership units of Artisan Partners Holdings and the amount of any such distributions, other than certain distributions to fund partners' tax obligations, as discussed below. If a distribution is authorized, such distribution will be made to the holders of partnership units of Artisan Partners Holdings on a pro rata basis in accordance with the number of partnership units of Artisan Partners Holdings they hold (whether or not vested), except in the case of a partial capital event or dissolution of Artisan Partners Holdings. Artisan Partners Holdings is obligated to distribute to us and its other partners (or former partners) cash payments for the purposes of funding tax obligations in respect of the taxable income and net capital gain that is allocated to us and them, respectively, as partners of Artisan Partners Holdings. See also Artisan Partners Holdings Fifth



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**Artisan Partners Asset Management**

applicable) or to receive a distribution upon the dissolution, liquidation or sale of all or substantially all of our assets.

**Class A Common Stock.** The Class A common stock is listed on the New York Stock Exchange. With the exception of Class A common stock held by our affiliates and unvested shares of Class A common stock held by our employees, the Class A common stock is freely transferable.

**Class B Common Stock.** The Class B common stock (together with an equal number of Class B common units of Artisan Partners Holdings) is transferrable only to family members or certain estate planning vehicles of the transferor. For a description of the treatment of Class B common units held by our employee-partners upon the termination of the employment of an employee-partner, see Description of Capital Stock Common Stock Class B Common Stock .

**Class C Common Stock.** The Class C common stock (together with an equal number of Class C common units of Artisan Partners Holdings) is transferrable only to family members or certain estate planning vehicles of the transferor or in distributions by certain of our initial outside investors to any one or more of their partners or members.

**Convertible Preferred Stock.** Preferred units of Artisan Partners Holdings and shares of our convertible preferred stock cannot be transferred except in transfers by the original holders to certain partners, stockholders or affiliates.

**Liquidity**

**Artisan Partners Holdings**

Amended and Restated Limited Partnership Agreement Economic Rights of Partners .

The common units of Artisan Partners Holdings are transferable only to family members or certain estate planning vehicles of the transferor or in distributions by certain of our initial outside investors to any one or more of their partners or members. The holders of common units of Artisan Partners Holdings have exchange rights. See Exchange of Limited Partnership Units of Artisan Partners Holdings and Conversion of Our Convertible Preferred Stock Common Units .

The preferred units of Artisan Partners Holdings cannot be transferred except in transfers by the original holders to certain partners, stockholders or affiliates. The holders of preferred units of Artisan Partners Holdings have exchange and conversion rights. See Exchange of Limited Partnership Units of Artisan Partners Holdings and Conversion of Our Convertible Preferred Stock Preferred Units and Convertible Preferred Stock .

**Management**

The board of directors of Artisan Partners Asset Management manages the company's business and affairs. Accordingly, except for their vote in the election of directors and their vote in specified major transactions, the Class A, Class B and Class C common stockholders and the convertible preferred stockholders, as such, do not directly have any control over the company's business and affairs.

Artisan Partners Asset Management, as Artisan Partners Holdings general partner, has the exclusive authority to manage and conduct the business of Artisan Partners Holdings and, as determined by the board of directors of Artisan Partners Asset Management, may delegate to its officers or to the officers of Artisan Partners Holdings any of its authority, rights and powers.

The limited partners of Artisan Partners Holdings have no right to take part in the control of the business of the partnership or otherwise take any action that would make the limited partner liable for the obligations of the partnership under the DRULPA.

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**Artisan Partners Asset Management**

**Artisan Partners Holdings**

**Fiduciary Duties of Directors/General Partner**

Under Delaware law, the directors of the company owe the company and its stockholders fiduciary duties, including the duties of care and loyalty, and are required to act in good faith in discharging their duties.

Under the restated certificate of incorporation of Artisan Partners Asset Management, to the extent permissible under Delaware law, no director of the company is personally liable to the company or its stockholders for monetary damages for breach of fiduciary duty as a director.

Artisan Partners Asset Management, as Artisan Partners Holdings general partner, and its directors and officers will not be liable to Artisan Partners Holdings or its limited partners for damages incurred by (i) any mistake in judgment or (ii) any action or inaction taken or omitted in the course of performing its or their duties under the limited partnership agreement of Artisan Partners Holdings, as amended, or in connection with the business of Artisan Partners Holdings. In addition, Artisan Partners Asset Management, as Artisan Partners Holdings general partner, and its officers and directors, will not be liable to Artisan Partners Holdings or its limited partners for any loss due to the mistake, negligence, dishonesty, fraud or bad faith of any employee, broker or other agent of Artisan Partners Holdings selected by Artisan Partners Asset Management without willful misconduct or gross negligence on its part or on the part of its officers or directors.

**Indemnification**

To the fullest extent permitted by law, Artisan Partners Asset Management will indemnify any current or former director or officer in any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative against all liability and expenses (including attorney's fees) reasonably incurred in connection therewith.

Artisan Partners Asset Management will also indemnify its employees and agents and members of the stockholders committee against all liability and reasonable fees, costs and expenses to the fullest extent permitted by Delaware law, provided that the company will not indemnify such persons or advance or reimburse such persons' expenses to the extent the action, suit or proceeding alleges claims under Section 16(b) of the Exchange Act, unless such person has been successful on the merits or received consent to incur the expense or settle the case. In addition, the company will not indemnify such persons unless the company has determined that he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Artisan Partners Holdings will indemnify AIC, as its former general partner, Artisan Partners Asset Management, as its current general partner, the former members of its pre-IPO Advisory Committee, the members of Artisan Partners Asset Management's stockholders committee and Artisan Partners Asset Management's directors and officers against any losses, damages, costs or expenses (including reasonable attorney's fees, judgments, fines and amounts paid in settlement) actually incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal or administrative (including any action by or on behalf of Artisan Partners Holdings) arising as a result of the capacities in which they serve or served Artisan Partners Holdings to the maximum extent that any of them could be indemnified if Artisan Partners Holdings were a Delaware corporation and they were directors of such corporation.

Artisan Partners Holdings will also indemnify its officers and employees and officers and employees of its subsidiaries against any losses, damages, costs or expenses (including reasonable attorney's fees, judgments, fines and amounts paid in settlement) actually incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal or administrative arising as a

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**Artisan Partners Asset Management**

**Artisan Partners Holdings**

result of their being an employee of Artisan Partners Holdings (or their serving as an officer or fiduciary of any of Artisan Partners Holdings' subsidiaries or benefit plans or any entity of which Artisan is sponsor or adviser), provided that no employee will be indemnified or reimbursed for any claim, obligation or liability adjudicated to have arisen out of or been based upon such employee's intentional misconduct, gross negligence, fraud or knowing violation of law.

In addition, Artisan Partners Holdings will pay the costs or expenses (including reasonable attorneys' fees) incurred by the indemnified parties in advance of a final disposition of such matters so long as the indemnified party undertakes to repay the expenses if the party is adjudicated not to be entitled to indemnification.

**Number of Directors; Election of Directors; Filling of Vacancies; Removal of Directors/ General Partner**

The board of directors of Artisan Partners Asset Management currently consists of seven members. The number of directors shall be designated from time to time by the board of directors of the company.

The limited partners of Artisan Partners Holdings have no right to remove the general partner of Artisan Partners Holdings.

The directors are elected by a vote of a plurality of the votes cast by the holders of the shares present in person or represented by proxy at a stockholder meeting for the election of directors and entitled to vote on the election of directors. Any vacancy on the board of directors shall be filled only by a vote of the majority of the board of directors then in office, even if less than a quorum, or by a sole remaining director.

Any director, or the entire board, may be removed, with or without cause, by the holders of a majority of the votes of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series of stock are entitled to elect one or more directors by our restated certificate of incorporation, the provisions of the preceding sentence shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

**Director/General Partner Nominations by Stockholders/Limited Partners**

Our amended and restated bylaws establish advance notice procedures with respect to nomination of candidates for election as directors. See Description of Capital Stock Anti-Takeover Effects of Provisions of Delaware Law and Our Restated Certificate of

As noted above, the limited partners of Artisan Partners Holdings have no right to remove the general partner of Artisan Partners Holdings.

The stockholders agreement provides that members of the stockholders committee will vote the shares

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**Artisan Partners Asset Management**

Incorporation and Amended and Restated Bylaws Requirements for Advance Notification of Stockholder Nominations and Proposals .

The stockholders agreement provides that members of the stockholders committee will vote the shares subject to the stockholders agreement in support of certain director nominees. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement .

**Stockholder/Limited Partner Proposals**

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals. See Description of Capital Stock Anti-Takeover Effects of Provisions of Delaware Law and Our Restated Certificate of Incorporation and Amended and Restated Bylaws Requirements for Advance Notification of Stockholder Nominations and Proposals .

**Special Meetings Called by Stockholders/Limited Partners**

Subject to the rights of the holders of any series of preferred stock, our amended and restated bylaws provide that special meetings of the stockholders may be called only by (i) our board of directors, (ii) the Chairman of our board or (iii) our Chief Executive Officer.

**Action Through Writing**

Our restated certificate of incorporation provides that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders or may be effected by a unanimous consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of our Class B and Class C common stock or our preferred stock to act by written consent in connection with actions that require their vote as a separate class.

**Amendments to Governing Instruments**

See Description of Capital Stock Anti-Takeover Effects of Provisions of Delaware Law and Our Restated Certificate of Incorporation and Amended and Restated Bylaws Amendments to Our Governing Documents .

**Asset Sales, Mergers and Consolidations**

Pursuant to the DGCL, the board of directors may sell, lease or exchange all or substantially all of our assets when authorized by a majority of the stockholders entitled to vote on a resolution granting such authorization.

**Artisan Partners Holdings**

subject to the stockholders agreement in support of certain director nominees. See Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement .

The limited partners of Artisan Partners Holdings have no right to take part in the control of the business of the partnership or otherwise take any action that would make the limited partner liable for the obligations of the partnership under the DRULPA.

The limited partners of Artisan Partners Holdings have no right to call special meetings of the limited partners. See Artisan Partners Holdings Fifth Amended and Restated Limited Partnership Agreement Voting and Class Approval Rights .

All notices, demands, consents, offers and other communications required or permitted to be given pursuant to the limited partnership agreement of Artisan Partners Holdings must be in writing. For a description of the voting and class approval rights of the limited partners of Artisan Partners Holdings, see Artisan Partners Holdings Fifth Amended and Restated Limited Partnership Agreement Voting and Class Approval Right .

See Artisan Partners Holdings Fifth Amended and Restated Limited Partnership Agreement Amendments .

The consent of Artisan Partners Asset Management, as Artisan Partners Holdings general partner, and the consent of the holders of a majority of the Class A common units, the Class B common units and the Class D common units, each voting as a separate class, are required to engage in a material corporate

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**Artisan Partners Asset Management**

We may merge or consolidate with another entity upon the board of directors recommending such action and subsequent approval of a majority of the stockholders entitled to vote on mergers and consolidations.

**Class A Common Stock.** The rights of the holders of Class A common stock to distributions, including upon liquidation, are subject to the H&F preference, as described under Description of Capital Stock Preferred Stock Convertible Preferred Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock . If the H&F preference is terminated, upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our Class A common stock will be entitled to receive, on a pro rata basis, our remaining assets available for distribution.

**Class B Common Stock.** The Class B common stock does not entitle its holders to any rights to receive distributions upon dissolution, liquidation or sale of all or substantially all of our assets.

**Class C Common Stock.** The Class C common stock does not entitle its holders to any rights to receive distributions upon dissolution, liquidation or sale of all or substantially all of our assets.

**Convertible Preferred Stock.** See Description of Capital Stock Preferred Stock Convertible Preferred Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock .

**Access to Books and Records**

Members of the general public have a right to inspect our public documents, available at the SEC’s offices and through its electronic filing system (EDGAR).

Under the DGCL, stockholders have the right to access a list of stockholders and others entitled to vote at a meeting. This list must be produced by us at least 10 days in advance of any meeting in which voting is to take place. The list must contain the names and addresses of all stockholders as well as the number of shares each holds. Stockholders may only access the list for purposes of conducting stockholder business.

Artisan Partners Asset Management has a perpetual term.

**Artisan Partners Holdings**

transaction, including a merger, consolidation, dissolution or sale of greater than 25% of the fair market value of the partnership’s assets.

**Rights on Dissolution**

See Description of Capital Stock Preferred Stock Convertible Preferred Stock Preferential Distributions to Holders of Preferred Units and Convertible Preferred Stock Dissolution .

**Dissolution**

At the cost of Artisan Partners Holdings, Artisan Partners Asset Management, as the general partner, must maintain or cause to be maintained accurate books and records of the partnership and each subsidiary and such books and records must be open to the inspection of each holder of partnership units in person or by its duly authorized representatives at such place during regular business hours within a reasonable time after receipt of a written request for such inspection.

Artisan Partners Holdings will continue in existence until it is dissolved in accordance with DRULPA or its limited partnership agreement.



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**PLAN OF DISTRIBUTION**

This prospectus relates to the issuance from time to time of up to 41,937,223 shares of Class A common stock to the holders of LP units, including to certain of our directors and executive officers or their affiliates, upon exchange of common units and preferred units of Artisan Partners Holdings. This prospectus also relates to the issuance from time to time of up to 1,381,887 shares of our convertible preferred stock to the holders of preferred units of Artisan Partners Holdings LP, which are affiliates of one of our directors, upon exchange of such preferred units and up to 1,381,887 shares of Class A common stock issuable upon conversion of such shares of convertible preferred stock.

The shares of Class A common stock registered hereunder will only be issued to the extent that the holders of LP units exchange their units for shares of Class A common stock and/or the holders of shares of our convertible preferred stock convert their shares into shares of Class A common stock. The shares of convertible preferred stock registered hereunder will only be issued to the extent that the holders of preferred units exchange such units for shares of convertible preferred stock. We will not receive any cash proceeds from the issuance of any of the shares registered hereunder, but we will receive a number of GP units equal to the number of shares of Class A common stock issued upon such exchange of LP units or conversion of convertible preferred stock. Upon the exchange of preferred units of Artisan Partners Holdings LP for shares of convertible preferred stock, we will retain any preferred units so exchanged until the subsequent conversion of such shares of convertible preferred stock into shares of our Class A common stock. At the time of the subsequent conversion, we will exchange a number of preferred units we hold for general partnership units equal to the number of shares of our Class A common stock issued upon conversion.

The expenses associated with the distribution of the Class A common stock registered hereunder will be borne by Artisan Partners Asset Management.

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**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

The following unaudited pro forma consolidated financial statements present our consolidated statement of operations, assuming that all of the transactions described below had been completed as of January 1, 2013, and present our consolidated statement of financial position, assuming the 2014 Follow-On Offering had been completed on December 31, 2013. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions.

The pro forma adjustments principally give effect to the following transactions:

the IPO Reorganization and the completion of our IPO on March 12, 2013;

the November 2013 Offering completed on November 6, 2013; and

the 2014 Follow-On Offering completed on March 12, 2014.

Future exchanges of common and preferred units of Artisan Partners Holdings for shares of our Class A common stock or convertible preferred stock pursuant to the exchange agreement will be recorded at existing carrying value. Those exchanges will generate deferred tax assets and liabilities relating to our tax receivable agreements as discussed in footnote (c) to the Notes to Unaudited Pro Forma Consolidated Statements of Financial Condition as of December 31, 2013.

We have not made any pro forma adjustments to our general and administrative expense, or any of our other expense items, relating to reporting, compliance or investor relations costs, or other incremental costs that we may have incurred if we had been a public company prior to our IPO, including costs relating to compliance with Section 404 of Sarbanes-Oxley.

The unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect our statement of operations or financial position that would have occurred had we operated as a public company throughout the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our statement of operations or financial position had the transactions contemplated in connection with the IPO Reorganization, our IPO, the November 2013 Offering and the 2014 Follow-On Offering been completed on the dates assumed. The unaudited pro forma consolidated financial information also does not project the statement of operations or financial position for any future period or date.



**Table of Contents****UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS****For the Year Ended December 31, 2013**

	APAM Historical	IPO Reorganization and IPO Adjustments	November 2013 Offering Adjustments	As Adjusted Before 2014 Follow-On Offering	2014 Follow- On Offering Adjustments	APAM Pro Forma
(dollars in millions, except per share amounts)						
<b>Revenues</b>						
Management fees						
Artisan Funds & Artisan Global Funds	\$ 464.3	\$	\$	\$ 464.3	\$	\$ 464.3
Separate accounts	219.0			219.0		219.0
Performance fees	2.5			2.5		2.5
<b>Total revenues</b>	<b>685.8</b>			<b>685.8</b>		<b>685.8</b>
<b>Operating expenses</b>						
Compensation and benefits						
Salaries, incentive compensation and benefits	309.2			309.2		309.2
Pre-offering related compensation share-based awards	404.2	(306.4) <sup>(a)</sup>		97.8		97.8
Pre-offering related compensation other	143.0	(143.0) <sup>(b)</sup>				
<b>Total compensation and benefits</b>	<b>856.4</b>	<b>(449.4)</b>		<b>407.0</b>		<b>407.0</b>
Distribution and marketing	38.4			38.4		38.4
Occupancy	10.5			10.5		10.5
Communication and technology	14.4			14.4		14.4
General and administrative	27.3			27.3		27.3
<b>Total operating expenses</b>	<b>947.0</b>	<b>(449.4)</b>		<b>497.6</b>		<b>497.6</b>
Operating income	(261.2)	449.4		188.2		188.2
<b>Non-operating income (loss)</b>						
Interest expense	(11.9)	0.3 <sup>(d)</sup>		(11.6)		(11.6)
Net gain (loss) of Launch Equity	10.7			10.7		10.7
Net gain on the valuation of contingent value rights	49.6		(49.6) <sup>(g)</sup>			
Net investment income	5.1			5.1		5.1
<b>Total non-operating income (loss)</b>	<b>53.5</b>	<b>0.3</b>	<b>(49.6)</b>	<b>4.2</b>		<b>4.2</b>
<b>Income before income taxes</b>	<b>(207.7)</b>	<b>449.7</b>	<b>(49.6)</b>	<b>192.4</b>		<b>192.4</b>
Provision for income taxes	26.4	1.9 <sup>(d)</sup>	2.0 <sup>(d)</sup>	30.3	12.1 <sup>(d)</sup>	42.4
<b>Income from continuing operations before nonrecurring charges directly attributable to the transactions</b>	<b>(234.1)</b>	<b>447.8</b>	<b>(51.6)</b>	<b>162.1</b>	<b>(12.1)</b>	<b>150.0</b>
Less: Net income attributable to noncontrolling interests Artisan Partners Holdings	(269.6)	449.2 <sup>(e)</sup>	(49.1) <sup>(e)</sup>	130.5	(22.0) <sup>(e)</sup>	108.5
Less: Net income attributable to noncontrolling interests Launch Equity	10.7			10.7		10.7
<b>Net income (loss) attributable to Artisan Partners Asset Management before nonrecurring charges directly attributable to</b>	<b>\$ 24.8</b>	<b>\$ (1.4)</b>	<b>\$ (2.5)</b>	<b>\$ 20.9</b>	<b>\$ 9.9</b>	<b>\$ 30.8</b>

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the transactions

Basic net income (loss) per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions <sup>(f)</sup>	\$ (2.04)	\$ 1.04 <sup>(h)</sup>
Diluted net income (loss) per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions <sup>(f)</sup>	\$ (2.04)	\$ 1.04 <sup>(h)</sup>
Shares used in basic net income per share	13,780,378	27,533,286
Shares used in diluted net income per share	13,780,378	27,988,297

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

**Table of Contents****Notes to Unaudited Pro Forma Consolidated Statement of Operations****For the Year Ended December 31, 2013**

(a) Under the Class B grant agreements in effect prior to the IPO Reorganization and our IPO, Artisan Partners Holdings was required to redeem Class B common units upon the termination of employment of any holder of Class B common units. Historically, Artisan Partners Holdings recorded the Class B common units as a liability and recognized compensation expense for the distributions on those units and for changes in the value of the liability. As part of the IPO Reorganization, the Class B grant agreements were amended to eliminate the cash redemption feature. As a result, we no longer account for the Class B common units as liability awards and distributions on the awards are no longer recorded as compensation expense. We record compensation expense for the fair value of the unvested awards of Class B common units as of the close of the IPO Reorganization over the remaining vesting period. These pro forma adjustments represent the compensation expense that would be recorded had the IPO Reorganization occurred on January 1, 2013.

We have eliminated the historical compensation expense recognized for the change in the value of the liability award of \$41.9 million for the year ended December 31, 2013. In addition, for the year ended December 31, 2013, we eliminated the one-time expense of \$287.3 million incurred as a result of the amendment of the awards (based on the difference between the carrying value of the liability associated with the vested Class B common units immediately prior to our IPO and the value based on the \$30.00 offering price per share of Class A common stock in our IPO).

As of January 1, 2013, the total value of unvested Class B common units would have been \$251.5 million, based on the IPO price of \$30.00 per share of Class A common stock and assuming 8,382,691 unvested Class B common units. We have included \$97.8 million of expense that would have been recognized in 2013 based upon the unvested balance of Class B awards as of January 1, 2013 of \$251.5 million, which is amortized over the remaining vesting period for each award. We have included \$22.8 million of expense that would have been recognized for the year ended December 31, 2013 in addition to \$75.0 million already recorded.

Based on the IPO price of \$30.00 per share of Class A common stock and 7,623,997 unvested Class B common units as of March 12, 2013, the closing date of our IPO, the total value of unvested Class B common units as of such date was \$228.7 million. As a result of the vesting requirements associated with the awards, we will recognize the following non-cash compensation charges from the closing date of our IPO through 2017 (does not include forfeitures that occurred subsequent to the date of our IPO):

	(in millions)
2013	\$ 76.0
2014	\$ 65.2
2015	\$ 43.1
2016	\$ 29.8
2017	\$ 14.6
Total	\$ 228.7

(b) As discussed in footnote (a) above, as part of the IPO Reorganization, we amended the Class B grant agreements to eliminate the cash redemption feature. Accordingly, we no longer record as compensation expense distributions on the Class B common units. This pro forma adjustment eliminates historical compensation expense associated with distributions of \$65.7 million for the year ended December 31, 2013. In addition, for the year ended December 31, 2013, we have eliminated (i) \$56.8 million of expense associated with cash incentive compensation payments made to certain portfolio managers in connection with our IPO and (ii) \$20.5 million of expense relating to profits after our IPO otherwise allocable and distributable, in the aggregate, to our pre-IPO non-employee partners that instead were allocated and distributed to certain of our employee-partners as the expenses were nonrecurring charges directly attributable to our IPO.

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- (c) This pro forma adjustment represents the elimination of interest expense associated with the \$90.0 million of principal amount drawn under the revolving credit facility, which was repaid in full at the time of our IPO.
- (d) Represents the impact of foreign, U.S. federal and U.S. state income taxes that Artisan Partners Asset Management incurs as a corporation on its allocable portion of the income of Artisan Partners Holdings. Prior to the completion of our IPO on March 12, 2013, our business was historically organized as a partnership and was not subject to U.S. federal and certain U.S. state income taxes. The provision for income taxes from operations differs from the amount of income tax computed by applying the applicable U.S. statutory federal income tax rate to income before provision for income taxes as follows:

	For the Year Ended December 31, 2013					
	IPO Reorganization and IPO		November 2013 Offering		2014 Follow-On Offering	
Federal Statutory Rate	\$ 84.7	35.0%	\$ 67.3	35.0%	\$ 67.3	35.0%
Non-deductible share-based compensation	7.5	3.1%	9.4	4.9%	13.7	7.1%
Rate benefit from the flow through entity	(67.3)	(27.8)%	(50.0)	(26.0)%	(42.3)	(22.0)%
Other	3.4	1.4%	3.6	1.8%	3.7	1.9%
Provision for income taxes/Effective Tax Rate	\$ 28.3	11.7%	\$ 30.3	15.7%	\$ 42.4	22.0%

Our effective tax rate includes a rate benefit attributable to the fact that, following our IPO, the November 2013 Offering and the 2014 Follow-On Offering, approximately 77%, 71% and 59%, respectively, of Artisan Partners Holdings' earnings were or are attributable to other partners and not taxable to us. This favorable impact is partially offset by the impact of certain permanent items, primarily attributable to certain compensation-related expenses that are not deductible for tax purposes. Absent these items, our pro forma effective tax rate, on the portion of Artisan Partners Holdings' income attributable to us, would be approximately 36%.

The rate benefit from the flow through entity primarily represents the portion of the tax effected (at statutory rates) consolidated pro forma income before tax attributable to the common and preferred units of Artisan Partners Holdings. The federal and state income taxes on the earnings attributable to the common and preferred units of Artisan Partners Holdings would be payable directly by the partners of Artisan Partners Holdings.

- (e) The common and preferred units owned by the limited partners of Artisan Partners Holdings are noncontrolling interests for financial accounting purposes. The amount attributable to noncontrolling interests represents the pro forma income of Artisan Partners Holdings attributable to those partners (77% on a pro forma basis after the IPO Reorganization and our IPO, 71% after the November 2013 Offering, and 59% after the 2014 Follow-On Offering).

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The pro forma net income attributable to noncontrolling interest is computed as follows:

	For the Year Ended December 31, 2013		
	IPO Reorganization and IPO	November 2013 Offering (dollars in millions)	2014 Follow-On Offering
Income before income taxes	\$ 242.0	\$ 192.4	\$ 192.4
Less: Noncontrolling interest attributable to Launch Equity	10.7	10.7	10.7
Less: Artisan Partners Holdings unincorporated business and foreign taxes	2.6	2.6	2.6
Plus: Direct expenses of Artisan Partners Asset Management	3.6	3.6	3.6
<b>Net income of Artisan Partners Holdings</b>	<b>232.3</b>	<b>182.7</b>	<b>182.7</b>
Average noncontrolling interest % held by partners of Artisan Partners Holdings	77.3%	71.4%	59.4%
<b>Average noncontrolling interest attributable to Artisan Partners Holdings partners</b>	<b>\$ 179.6</b>	<b>\$ 130.5</b>	<b>\$ 108.5</b>

- (f) In connection with the IPO Reorganization and our IPO, we incurred nonrecurring charges of \$287.3 million as of the closing date of the IPO as a result of the modification of our Class B grant agreements, as discussed in footnote (a) above. In addition, as discussed in footnote (b) above, we (i) made bonus payments aggregating approximately \$56.8 million to certain of our portfolio managers in connection with our IPO, (ii) incurred compensation expense aggregating \$20.5 million representing reallocated distributions of profits and (iii) incurred approximately \$65.7 million of expense associated with distributions on Class B common units as part of the IPO Reorganization. As part of the IPO Reorganization, we amended the Class B grant agreements to eliminate the cash redemption feature and distributions on our Class B common units are no longer recorded as compensation expense. We have removed these nonrecurring charges directly attributable to the transaction from the pro forma consolidated statement of operations for the year ended December 31, 2013.
- (g) Represents the elimination of the gain on the valuation of the contingent value rights, or CVRs, as result of the termination of the CVRs in connection with the November 2013 Offering. As part of the IPO Reorganization, Artisan Partners Holdings issued partnership CVRs and we issued public company CVRs in order to provide holders of preferred units of Artisan Partners Holdings and our convertible preferred stock with economic rights following the IPO Reorganization that, collectively, were similar (although not identical) to the economic rights they possessed with respect to Artisan Partners Holdings prior to the IPO Reorganization. In connection with the November 2013 Offering, all of the CVRs were terminated with no amounts paid or payable thereunder.
- (h) The pro forma basic and diluted net income per share calculation includes 5,520,000 and 9,284,337 shares of our Class A common stock sold in the November 2013 Offering and the 2014 Follow-On Offering, respectively, for which the proceeds received from the sale of such shares was used to purchase common and preferred units of Artisan Partners Holdings and shares of our convertible preferred stock, as applicable.

The purchase price of the convertible preferred stock and preferred units in connection with the November 2013 Offering exceeded the carrying value of the convertible preferred stock and preferred units by \$51.7 million, and as a result is considered a deemed dividend. The purchase price of the convertible preferred stock and preferred units in connection with the 2014 Follow-On Offering exceeded the carrying value of the convertible preferred stock and preferred units by \$49.0 million and is also considered a deemed dividend. However, as these deemed dividends result in a one-time impact to net income per share in the period of the respective offerings and not ongoing effects, the impact of the deemed dividends is excluded from the pro forma net income per share calculation. See footnote (b) to the Unaudited Pro Forma Consolidated Statement of Financial Condition for additional information.

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The assumed exchange of units of Artisan Partners Holdings for Class A common stock in the future would have an antidilutive effect and, accordingly, the effect of such exchange has been excluded from pro forma basic and diluted net income per share attributable to Class A common stockholders. In addition, unvested

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restricted shares of Class A common stock were also determined to be antidilutive and these shares and allocated income have been excluded from pro forma diluted net income per share attributable to Class A common stockholders.

We have issued 16,670 restricted stock units to our non-employee directors, all of which vested upon grant and are included in the shares used to calculate pro forma basic and diluted net income per share.

Income available to Class A common stockholders for purposes of net income per share after giving effect to the IPO Reorganization, our IPO, the November 2013 Offering and the 2014 Follow-On Offering can be derived as follows:

Basic Earnings per Share	For the Year Ended December 31, 2013			
	APAM Pro Forma	Class A Common Stockholders	Convertible Preferred Stockholders	Restricted Stockholders
(dollars in millions, except per share amounts)				
Net income attributable to Artisan Partners Asset Management before nonrecurring charges directly attributable to the transactions	\$ 30.8			
Dividends paid	14.6	\$ 13.3	\$	\$ 1.3
Undistributed earnings	16.2			
Economic ownership of Artisan Partners Asset Management		95.3%	1.6%	3.1%
Allocation of undistributed earnings		15.4	0.3	0.5
Distributed and undistributed earnings basic		28.7	0.3	1.8
Shares used in basic net income per share		27,533,286	455,011	894,732
Basic net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions		\$ 1.04		
Additional earnings allocated from convertible preferred stockholders for diluted earnings per share		0.3		
Distributed and undistributed earnings diluted		29.0		
Shares used in diluted net income per share		27,988,297		
Diluted net income per share attributable to Artisan Partners Asset Management Class A common stockholders before nonrecurring charges directly attributable to the transactions		\$ 1.04		

**Table of Contents****UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**

As of December 31, 2013

	APAM Actual	2014 Follow-On Offering Adjustments (dollars in millions)	APAM Pro Forma
<b>Assets</b>			
Cash and cash equivalents	\$ 211.8	\$ 552.8 <sup>(a)</sup> (554.0) <sup>(b)</sup>	\$ 210.6
Cash and cash equivalents of Launch Equity	19.1		19.1
Accounts receivable	64.1		64.1
Accounts receivable of Launch Equity	7.4		7.4
Investment securities	7.8		7.8
Investment securities of Launch Equity	63.4		63.4
Property and equipment, net	8.8		8.8
Deferred tax assets	187.9	279.2 <sup>(c)</sup> (0.1) <sup>(d)</sup>	467.0
Prepaid expenses and other assets	11.1		11.1
<b>Total assets</b>	<b>\$ 581.4</b>	<b>\$ 277.9</b>	<b>\$ 859.3</b>
<b>Liabilities and stockholders' equity (deficit)</b>			
Accounts payable, accrued expenses, and other liabilities	\$ 45.3	\$	\$ 45.3
Accrued incentive compensation	3.6		3.6
Amounts payable under tax receivable agreements	160.7	232.7 <sup>(c)</sup>	393.4
Borrowings	200.0		200.0
Payables of Launch Equity	7.5		7.5
Securities sold, not yet purchased of Launch Equity	32.0		32.0
<b>Total liabilities</b>	<b>449.1</b>	<b>232.7</b>	<b>681.8</b>
<b>Stockholders' permanent equity (deficit)</b>			
<b>Common stock</b>			
Class A common stock	0.2	0.1 <sup>(a)</sup>	0.3
Class B common stock	0.3	(0.1) <sup>(b)</sup>	0.2
Class C common stock	0.2	<sup>(b)</sup>	0.2
Convertible preferred stock	34.9	(21.6) <sup>(b)</sup>	13.3
Additional paid-in capital	6.4	552.7 <sup>(a)</sup> (514.7) <sup>(b)</sup> 46.5 <sup>(c)</sup> (13.3) <sup>(d)</sup>	77.6
Retained earnings	1.4	(1.4) <sup>(b)</sup>	
Accumulated other comprehensive income (loss)	0.4	0.1 <sup>(d)</sup>	0.5
<b>Total stockholders' permanent equity</b>	<b>43.8</b>	<b>48.3</b>	<b>92.1</b>
<b>Noncontrolling interest - Artisan Partners Holdings</b>	<b>38.0</b>	<b>(16.2)<sup>(b)</sup> 13.1<sup>(d)</sup></b>	<b>34.9</b>
<b>Noncontrolling interest - Launch Equity</b>	<b>50.5</b>		<b>50.5</b>
<b>Total equity (deficit)</b>	<b>132.3</b>	<b>45.2</b>	<b>177.5</b>



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Total liabilities and stockholders permanent equity (deficit)	\$ 581.4	\$ 277.9	\$ 859.3
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The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

**Table of Contents****Notes to Unaudited Pro Forma Consolidated Statement of Financial Condition****As of December 31, 2013**

(a) Represents the issuance of 9,284,337 shares of our Class A common stock, par value \$0.01 per share, in the 2014 Follow-On Offering, including (i) the par value of the Class A common stock, (ii) the additional paid-in capital representing the gross proceeds less the amount attributable to the par value and (iii) the deduction from additional paid-in capital of \$21.6 million related to the underwriting discount and \$1.2 million of estimated expenses.

(b) Represents our purchase of 6,284,337 common units and 2,256,883 preferred units of Artisan Partners Holdings and 743,117 shares of our convertible preferred stock with the net proceeds of the 2014 Follow-On offering (based on an aggregate underwriting discount of \$21.6 million).

As a result of our purchase of common and preferred units of Artisan Partners Holdings, we hold additional GP units in Artisan Partners Holdings and have an increased ownership interest in Artisan Partners Holdings. Our non-controlling interest decreased \$16.2 million and additional paid-in capital increased \$16.2 million as a portion of the net equity carried by the selling preferred non-controlling interest holders was allocated to us. Because we maintain control of Artisan Partners Holdings, changes in our ownership interest in Artisan Partners Holdings are treated as equity transactions.

Due to our purchase of 6,284,337 common units and 2,256,883 preferred units, the aggregate par value of the Class B and C common stock was reduced by \$0.1 million, which increased additional paid-in capital.

Our purchase of convertible preferred stock reduced the carrying value of the convertible preferred stock on our consolidated statement of financial condition by \$21.6 million. The excess of consideration paid over the carrying value of the purchased convertible preferred stock was recorded as a reduction to retained earnings of \$1.4 million and additional paid-in capital of \$21.3 million.

The purchase of preferred units and shares of convertible preferred stock resulted in a deemed dividend and a reduction to income available to common stockholders in our earnings per share calculation calculated as follows:

	<b>Preferred Units</b>	<b>Convertible Preferred Stock</b>
Offering proceeds, net of underwriting discount	\$ 134.7	\$ 44.3
Carrying value of preferred units / convertible preferred stock	70.8	21.6
<b>Total deemed dividend</b>	<b>63.9</b>	<b>22.7</b>
APAM share	41.1%	100.0%
Deemed dividend allocated to Class A common stockholders	\$ 26.3	\$ 22.7

(c) Reflects the recognition of deferred tax assets as a result of our purchase of common and preferred units from the selling holders in connection with the 2014 Follow-On Offering and the recognition of tax liabilities related to our tax receivable agreements. Under one of the tax receivable agreements, we are required to pay to each holder of limited partnership units of Artisan Partners Holdings 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we actually realize as a result of certain tax attributes of units exchanged by, or purchased from, such holder or that are created as a result of such exchanges or purchases.

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The deferred tax asset relating to and the amount payable under that tax receivable agreement in connection with the 2014 Follow-On Offering are \$273.8 million and \$232.7 million, respectively. The computation of the deferred tax asset takes into account additional tax benefits and additional potential payments triggered by payments made under the tax receivable agreements.

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The pro forma deferred tax asset adjustment is based on an incremental tax rate of 36.1%. The pro forma adjustment for the amounts payable under the tax receivable agreements represents 85% of the assets subject to the tax receivable agreements. The net deferred tax asset is shown as an increase to paid-in capital within the pro forma statement of financial condition. Any payments made under the tax receivable agreements may give rise to additional tax benefits and additional potential payments under the tax receivable agreements.

In determining the future realization of the potential tax benefits associated with the purchases and exchanges of partnership units of Artisan Partners Holdings, we have applied a 5% growth rate assumption to our actual results for the fiscal year ended December 31, 2013. We project that we will be able to fully realize the potential tax benefits of the purchases of partnership units in connection with the 2014 Follow-On Offering.

The computation of the deferred tax asset pro forma adjustment is as follows:

	<b>Amount</b> <b>(dollars in millions)</b>
Total 743(b) gain associated with the purchase of 6,284,337 common units and 2,256,883 preferred units of Artisan Partners Holdings	\$ 702.5
Plus: Imputed Interest	55.1
<b>Total tax benefit</b>	<b>757.6</b>
Assumed future effective tax rate	36.14%
Tax deduction associated with the purchase of common and preferred units of Artisan Partners Holdings	273.8
Increased deferred tax assets	5.4
<b>Total deferred tax asset pro forma adjustment</b>	<b>\$ 279.2</b>

We compute the tax receivable agreement deferred tax asset by applying IRC Section 743(b) and the corresponding treasury regulations. The 743(b) rules determine the amount of our amortizable tax basis step-up generated by a partner's exchange or sale of partnership units. The step-up is generally equal to exchange or sale proceeds less the partner's basis in the underlying partnership units. Proceeds typically include any partnership debt associated with the partnership units exchanged or sold. A partner's basis in the partnership units is typically equal to the original purchase price of the partnership units, if any, plus or minus other adjustments over time. A net increase to additional paid-in capital is recorded for 15% of the realizable tax benefits resulting from the tax receivable agreement relating to the exchange or sale of units in the amount of \$41.1 million. In addition, a net increase to additional paid-in capital is recorded for the recognition of additional deferred tax assets of \$5.4 million as a result of our increased ownership in Artisan Partners Holdings.

We anticipate that we will account for the income tax effects and corresponding tax receivable agreement effects resulting from future taxable exchanges or sales of partnership units by limited partners of Artisan Partners Holdings by recognizing an increase in our deferred tax assets, based on enacted tax rates at the date of the exchange or sale. Further, we will evaluate the likelihood that we will realize the benefit represented by the deferred tax asset and, to the extent that we estimate that it is more likely than not that we will not realize the benefit, we will reduce the carrying amount of the deferred tax asset with a valuation allowance. We expect to record the estimated amount of the increase in deferred tax assets, net of any valuation allowance, directly in additional paid-in capital, offset by the liability for the expected amount we will pay the limited partners who have exchanged or sold partnership units under the tax receivable agreement (85% of the actual reduction in tax payments), estimated using assumptions consistent with those used in estimating the net deferred tax assets. Therefore, at the date of an exchange or sale of partnership units, the net effect of the accounting for income taxes and the tax receivable agreement on our financial statements will be a net increase to paid-in capital of 15% of the estimated realizable tax benefit. The effect of subsequent changes in any of our estimates after the date of the exchange or sale will be included in net income. Similarly, the effect of changes in enacted tax rates and in applicable tax laws will be included in

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net income. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding tax receivable payments from these tax attributes. Future deferred tax assets or amounts payable by us resulting from our tax receivable agreements discussed above would be in addition to amounts related to the 2014 Follow-On Offering.

(d) The common and preferred units owned by the limited partners of Artisan Partners Holdings are noncontrolling interests for financial accounting purposes. Changes in our interest in Artisan Partners Holdings are accounted for as equity transactions and the carrying amount of the noncontrolling interest is adjusted to reflect the change in our ownership interest in Artisan Partners Holdings.

As a result of our purchase of common and preferred units of Artisan Partners Holdings and shares of our convertible preferred stock from the selling holders in connection with the 2014 Follow-On Offering, our economic interest in the deficit of Artisan Partners Holdings increased from 30% to 42% (excluding preferred units and shares of our convertible preferred stock).

As a result of these reallocations of our historical equity, a deficit of \$13.3 million was transferred to additional paid-in capital from noncontrolling interests in Artisan Partners Holdings. Additionally, accumulated other comprehensive income is adjusted to reflect the change in ownership interest through a \$0.2 million reduction to noncontrolling interest and a \$0.1 million increase to accumulated other comprehensive income, net of \$0.1 million deferred taxes.

**Table of Contents****MANAGEMENT****Executive Officers and Directors**

The following table provides information regarding our directors and executive officers.

Name	Age	Position
Eric R. Colson	44	President and Chief Executive Officer and Director
Charles J. Daley, Jr.	51	Executive Vice President, Chief Financial Officer and Treasurer
Sarah A. Johnson	42	Executive Vice President, Chief Legal Officer and Secretary
Dean J. Patenaude	51	Executive Vice President Global Distribution
Gregory K. Ramirez	43	Senior Vice President
Andrew A. Ziegler	56	Director
Matthew R. Barger	56	Director
Tench Coxé	56	Director
Stephanie G. DiMarco	56	Director
Jeffrey A. Joerres	54	Director
Allen R. Thorpe	43	Director

**Eric R. Colson, CFA** has been our President and Chief Executive Officer since our organization in 2011 and currently serves as a member of our board of directors. He has also been a director of Artisan Funds since November 2013. Mr. Colson has served as chief executive officer of Artisan Partners Holdings since January 2010. Before serving as Artisan Partners Holdings' chief executive officer, Mr. Colson served as chief operating officer for investment operations from March 2007 through January 2010. Mr. Colson has been a Managing Director of Artisan Partners Holdings since he joined the company in January 2005. Before joining Artisan Partners Holdings, Mr. Colson was an Executive Vice President of Callan Associates, Inc. Mr. Colson holds a B.A. in economics from the University of California Irvine.

Mr. Colson's qualifications to serve on our board of directors include his operating, management and leadership experience as our President and Chief Executive Officer. Mr. Colson has extensive knowledge of and has made significant contributions to our company. Mr. Colson brings to our board of directors his expertise in finance, business development and the asset management industry.

**Charles J. Daley, Jr.** has been our Executive Vice President, Chief Financial Officer and Treasurer since our organization in 2011. He has served as chief financial officer of Artisan Partners Holdings since August 2010. He has been a Managing Director of Artisan Partners Holdings since July 2010. Prior to that, Mr. Daley was Chief Financial Officer, Executive Vice President and Treasurer of Legg Mason, Inc. Mr. Daley holds a B.S. in Accounting from the University of Maryland, is an inactive certified public accountant, and holds a Series 27 license.

**Sarah A. Johnson** has been our Executive Vice President, Chief Legal Officer and Secretary since October 2013 and, prior to then, served as Assistant Secretary since April 2013. She has been general counsel of Artisan Funds since February 2011. Ms. Johnson was named a Managing Director of Artisan Partners Holdings in March 2010. Prior to joining the firm in July 2002, Ms. Johnson practiced law with the law firm of Bell, Boyd & Lloyd LLC, Chicago, Illinois. Ms. Johnson holds a B.A. from Northwestern University and a J.D. from Northwestern University School of Law.

**Dean J. Patenaude, CFA** has been our Executive Vice President Global Distribution since July 2012 and a Managing Director of Artisan Partners Holdings and Head of Global Distribution since joining Artisan in March 2009. Before joining Artisan, Mr. Patenaude was senior vice president and head of global distribution for Affiliated Managers Group, Inc., or AMG, where he liaised between AMG and the institutional investment consultant and global distribution channels, and assisted with product development and marketing and client

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service initiatives. Before joining AMG, Mr. Patenaude was vice president and director of global consultant marketing at Wellington Management Company. He began his career in investment management at Brinson Partners, Inc. as a partner in business development. Mr. Patenaude holds a B.S. in Business Administration from Georgetown University and an M.B.A. from the Kellogg School of Management at Northwestern University.

**Gregory K. Ramirez** has been our Senior Vice President since October 2013 and, prior to then, served as Assistant Treasurer since April 2013. He currently serves as chief financial officer for Artisan Funds and Head of Securities Operations and Vehicle Administration for Artisan Partners Holdings. His prior roles with Artisan Partners Holdings include controller, chief accounting officer and director of client accounting and administration. Mr. Ramirez was named a Managing Director of Artisan Partners Holdings in April 2003. Prior to joining the firm in July 1997, Mr. Ramirez was an audit manager with Price Waterhouse, focusing on investment company audits and reviewing transfer agency controls. Mr. Ramirez holds a Bachelor of Business Administration in Accounting from the University of Iowa and a Master of Business Administration from Marquette University. He is a Certified Public Accountant and holds a Series 27 license.

**Andrew A. Ziegler** was the Executive Chairman of Artisan Partners Holdings from January 2010 through March 2014, and is currently the Chairman of our board of directors. Mr. Ziegler has served as a Managing Director and chief executive officer of Artisan Partners Holdings from its founding in 1994 through January 2010. Immediately prior to founding Artisan Partners Holdings, Mr. Ziegler was President and Chief Operating Officer of Strong Capital Management, Inc. and President of the Strong Capital Management, Inc. group of mutual funds. Mr. Ziegler holds a B.S. from the University of Wisconsin Madison and a J.D. from the University of Wisconsin Law School.

Mr. Ziegler's qualifications to serve on our board of directors include his operating and leadership experience as our prior Executive Chairman. As a founder of Artisan, Mr. Ziegler has extensive knowledge of our company's business and the investment management industry. He gained further experience in the industry from his previous position at Strong Capital Management and has dealt with a wide range of issues that face the industry and this company in particular.

**Matthew R. Barger** is currently the Managing Member of MRB Capital, LLC, and he has been a Senior Advisor at Hellman & Friedman LLC since 2007. Prior to 2007, he served in a number of roles at Hellman & Friedman, including Managing General Partner and Chairman of the Investment Committee. Mr. Barger was a member of Artisan Partners Holdings' Advisory Committee from January 1995 to the completion of the IPO Reorganization. Prior to joining Hellman & Friedman LLC, Mr. Barger was an Associate in the Corporate Finance Department of Lehman Brothers Kuhn Loeb. Mr. Barger graduated from Yale University in 1979 and received an M.B.A. from the Stanford Graduate School of Business in 1983. He has been a Director of Hall Capital Partners LLC since August 2007.

Mr. Barger's career at Hellman & Friedman LLC has provided him with expertise in the investment management industry. He brings to our board of directors experience in public and private directorships, finance, corporate strategy and business development.

**Tench Coxe** has been a managing director of Sutter Hill Ventures since 1989 and joined that firm in 1987 following his tenure with Digital Communications Associates in Atlanta. Prior to that, Mr. Coxe worked with Lehman Brothers in New York City, where he was a corporate finance analyst specializing in mergers and acquisitions as well as debt and equity financing. Mr. Coxe was a member of Artisan Partners Holdings' Advisory Committee from January 1995 to the completion of the IPO Reorganization. Mr. Coxe holds a B.A. in economics from Dartmouth College and an M.B.A. from Harvard Business School. He currently serves on the boards of directors of Mattersight Corporation and Nvidia Corporation.

Mr. Coxe's career at Sutter Hill Ventures provides him with wide-ranging leadership experience that benefits our board of directors and our company. He brings to our board of directors his experiences in various directorships and a technological background and provides a unique perspective to the company's business and opportunities.

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**Stephanie G. DiMarco** is currently Chairman of the board of Advent Software, Inc. Ms. DiMarco founded Advent in June 1983 and has served as its Chief Executive Officer, Chief Financial Officer and President. She currently serves on the Advisory Board of the College of Engineering at the University of California Berkeley and the board of directors of Summer Search, a non-profit organization. She is also a member of the Presidio Institute Advisory Committee. She is a former member of the Board of Trustees of the University of California Berkeley Foundation, a former Advisory Board Member of the Haas School of Business at the University of California Berkeley and a former trustee of the San Francisco Foundation where she chaired the investment committee. Ms. DiMarco holds a B.S. in Business Administration from the University of California at Berkeley.

Ms. DiMarco's qualifications to serve on our board of directors include her extensive experience in technological developments for the asset management industry and her management experience as a founder, officer and director of Advent Software, Inc.

**Jeffrey A. Joerres** is currently Chairman and Chief Executive Officer of ManpowerGroup. Since joining ManpowerGroup in 1993, he has served as Vice President of Marketing, Senior Vice President of European Operations and Senior Vice President of Global Account Management. Prior to joining ManpowerGroup, Mr. Joerres held the position of Vice President of Sales and Marketing for ARI Network Services. He has also held several management positions within IBM. Mr. Joerres currently serves on the boards of Johnson Controls, Inc., the U.S. Council for International Business and the Committee for Economic Development. He is also the chair of the board of directors of the Federal Reserve Bank of Chicago. Mr. Joerres served on the board of Artisan Funds from 2001 to 2011. Mr. Joerres holds a bachelor's degree from Marquette University's College of Business Administration.

Mr. Joerres' qualifications to serve on our board of directors include his operating and leadership experience as an officer and director of ManpowerGroup. He brings his innovative approach to optimizing human capital to our board and Compensation Committee.

**Allen R. Thorpe** has been a Managing Director of Hellman & Friedman LLC since 2004. Prior to joining that firm in 1999, he was a Vice President with Pacific Equity Partners and a Manager at Bain & Company. Mr. Thorpe was a member of Artisan Partners Holdings' Advisory Committee from July 2006 to the completion of the IPO Reorganization. Mr. Thorpe holds a B.A. in Public Policy from Stanford University and an M.B.A. from Harvard Business School, where he was a Baker Scholar. Mr. Thorpe currently serves on the boards of directors of Emdeon, Inc., Pharmaceutical Product Development, Inc. and Sheridan Holdings, Inc.

Mr. Thorpe's qualifications to serve on our board of directors include his operating and leadership experience as a managing director in a private equity firm. In addition, through his involvement with Hellman & Friedman LLC, he has provided leadership to both public and private companies. Mr. Thorpe brings to our board of directors extensive experience in the financial services industry, finance and business development.

## **Board Composition**

Each of Matthew R. Barger, Tench Coxe, Stephanie G. DiMarco, Jeffrey A. Joerres and Allen R. Thorpe is an independent director within the meaning of the applicable rules of the SEC and the NYSE. Each of Mr. Barger, Ms. DiMarco and Mr. Joerres is an audit committee financial expert within the meaning of the applicable rules of the SEC and the NYSE.

Our board of directors consists of seven directors. Under our amended and restated bylaws, our board of directors consists of such number of directors as may be designated by our board of directors from time to time, provided that, as set forth in our restated certificate of incorporation, a vote of at least two-thirds of our board of directors is required to increase the number of directors and, prior to December 31, 2016, the board may not increase the number of directors to more than nine or decrease the number of directors to fewer than four. The



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directors are elected for one-year terms to serve until the next annual meeting of our stockholders, or until their successors are duly appointed.

As described under Relationships and Related Party Transactions Transactions in connection with the IPO Reorganization Stockholders Agreement, each of our employees to whom we have granted equity have entered into a stockholders agreement pursuant to which they granted an irrevocable voting proxy with respect to all of the shares of our common stock they have acquired from us or may acquire from us in the future to a stockholders committee currently consisting of Mr. Colson, Mr. Daley and Mr. Ramirez. All shares subject to the stockholders agreement are voted in accordance with the majority decision of those three members. As of March 31, 2014, our employees to whom we have granted equity (including our employee-partners) held approximately 69% of the combined voting power of our capital stock.

The stockholders agreement also provides that the stockholders committee will vote the shares subject to the stockholders agreement in support of:

a director nominee designated by the holders of a majority of the preferred units (other than us), and convertible preferred stock (which are the H&F holders) so long as the holders of the preferred units (other than us) and the holders of convertible preferred stock beneficially own at least 5% of the number of outstanding shares of our common stock and our convertible preferred stock;

Mr. Barger, or, unless Mr. Barger is removed from the board for cause, a successor selected by Mr. Barger who holds Class A common units, so long as the holders of the Class A common units beneficially own at least 5% of the number of outstanding shares of our common stock and convertible preferred stock;

a director nominee designated by AIC so long as AIC owns shares of our capital stock constituting at least 5% of the number of outstanding shares of our common stock and our convertible preferred stock; and

a director nominee, initially Mr. Colson, who is a holder of Class B common units selected by the stockholders committee.

The holders of the preferred units and convertible preferred stock designated Mr. Thorpe and AIC designated Mr. Ziegler for election to our board of directors.

As of and following the completion of the 2014 Follow-On Offering, the holders of the preferred units and convertible preferred stock no longer beneficially own at least 5% of the number of outstanding shares of our common stock and our convertible preferred stock.

### ***Board Leadership Structure***

Our board of directors currently includes our Chief Executive Officer, who does not serve as Chairman of the board. Our board understands that there is no single, generally accepted approach to providing board leadership and that given the dynamic and competitive environment in which we operate, the right board leadership structure may vary as circumstances warrant. To this end, our board has no policy mandating the combination or separation of the roles of Chairman of the board and Chief Executive Officer. The board will discuss and consider the matter from time to time as circumstances change and, subject to our amended and restated bylaws, has the flexibility to modify our board structure as it deems appropriate. Our leadership structure is appropriate for us at this time as it permits our Chief Executive Officer to focus on management of our day-to-day operations, while allowing the Chairman of our board to lead our board in its fundamental role of providing advice to and independent oversight of management.

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### ***Board Oversight of Risk Management***

Our board is responsible for overseeing management in the execution of its responsibilities and for assessing our general approach to risk management. In addition, an overall review of risk is inherent in our board's consideration of our business, long-term strategies and other matters presented to our board. Our board exercises its oversight responsibilities periodically as part of its meetings and also through our three committees, each of which examines various components of enterprise risk as part of their responsibilities. For example, the Audit Committee has primary responsibility for addressing risks relating to financial matters, particularly financial reporting and accounting practices and policies. The Audit Committee has primary responsibility for reviewing and discussing our practices and policies regarding financial risk assessment and management, including any guidelines or policies that govern the process by which we identify, monitor and manage our exposure to risk. The Nominating and Corporate Governance Committee oversees risks associated with the independence of our board and potential conflicts of interest. The Compensation Committee has primary responsibility for risks and exposures associated with our compensation policies, plans and practices, regarding both executive compensation and the compensation structure generally, including whether it provides appropriate incentives that do not encourage excessive risk taking.

Senior management is responsible for assessing and managing risk, including strategic, operational, regulatory, investment and execution risks, on a day-to-day basis, including the creation of appropriate risk management programs, and reports on risks to the board and the Audit Committee. Our investment teams independently assess and monitor market risk, foreign currency exchange rate risk and interest rate risk affecting our assets under management in their respective investment strategies through their portfolio selection process and implementation of the team's investment goals and objectives. The ongoing assessment of risk exposure is the responsibility of each investment team.

Our board's role in risk oversight of the company is consistent with our leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for assessing and managing our risk exposure, and our board and its committees providing oversight in connection with those efforts. We believe this division of risk management responsibilities provides a consistent, systemic and effective approach for identifying, managing and mitigating risks throughout the company.

### **Board Committees**

We have established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee, each consisting only of independent directors. Any committee is allowed to appoint one or more subcommittees of its members.

### ***Audit Committee***

Our Audit Committee assists our board of directors in its oversight of our internal audit function, the integrity and quality of our financial statements, our independent registered public accounting firm's qualifications, independence and performance and our compliance with legal and regulatory requirements.

Our Audit Committee's responsibilities include, among others:

reviewing audits and findings of our independent registered public accounting firm and our internal audit and risk review staff;

reviewing our financial statements, including any significant changes in accounting policies, with our senior management and independent registered public accounting firm;

reviewing our financial risk and control procedures, compliance programs and significant tax, legal and regulatory matters;

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appointing annually our independent registered public accounting firm, evaluating its independence and performance, determining its compensation and setting clear hiring policies for employees or former employees of the independent registered public accounting firm; and

reviewing and approving any related party transaction in accordance with Artisan policies.

Mr. Barger, Ms. DiMarco and Mr. Joerres are members of the Audit Committee and Ms. DiMarco is its chair. Each of Mr. Barger, Ms. DiMarco and Mr. Joerres is independent under Rule 10A-3 under the Exchange Act and an audit committee financial expert within the meaning of the applicable rules of the SEC and the NYSE.

Our board of directors has adopted a written charter for our Audit Committee, which is available on our investor relations website, accessible through our principal corporate website at [www.artisanpartners.com](http://www.artisanpartners.com).

### ***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee assists our board of directors in overseeing the effective corporate governance of our company.

Our Nominating and Corporate Governance Committee's responsibilities include, among others:

making recommendations to the board regarding the selection of candidates, qualification and competency requirements for service on the board and the suitability of proposed nominees as directors;

developing and recommending to the board a set of corporate governance guidelines applicable to us; and

overseeing the evaluation of the board and management.

Mr. Barger, Mr. Coxe and Mr. Thorpe are members of the Nominating and Corporate Governance Committee and Mr. Barger serves as its chair.

Our board of directors has adopted a written charter for our Nominating and Corporate Governance Committee, which is available on our investor relations website, accessible through our principal corporate website at [www.artisanpartners.com](http://www.artisanpartners.com).

### ***Compensation Committee***

Our Compensation Committee assists our board of directors in discharging its responsibilities relating to the compensation of our executive officers.

Our Compensation Committee's responsibilities include, among others:

reviewing and approving, or making recommendations to our board of directors with respect to, the compensation of our executive officers;

overseeing and monitoring, and making recommendations to our board of directors with respect to, our cash and equity incentive compensation plans;

making recommendations to the board of directors with respect to director compensation; and

evaluating post-service (including severance) arrangements and benefits of our executive officers.

Mr. Coxe, Mr. Joerres and Mr. Thorpe are members of the Compensation Committee and Mr. Joerres serves as its chair.

Our board of directors has adopted a written charter for our Compensation Committee, which is available on our investor relations website, accessible through our principal corporate website at [www.artisanpartners.com](http://www.artisanpartners.com).

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### ***Compensation Committee Interlocks and Insider Participation***

Our Compensation Committee has responsibility for establishing and administering compensation programs and practices with respect to our executive officers, including the named executive officers. None of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has one or more of its executive officers serving as a member of our board of directors or our Compensation Committee.

### ***Code of Business Conduct***

We have adopted a code of business conduct applicable to our principal executive, financial and accounting officers and all persons performing similar functions. A copy of that code is available on our investor relations website, accessible through our principal corporate website at [www.artisanpartners.com](http://www.artisanpartners.com). Any amendments to the code, or any waivers of its requirements, will be disclosed on the investors relations portion of our principal corporate website at [www.artisanpartners.com](http://www.artisanpartners.com) as required by applicable law or NYSE listing requirements.

### **Compensation Discussion and Analysis**

This compensation discussion and analysis describes the principles, policies and practices that relate to our 2013 named executive officer compensation program. This discussion should be read in conjunction with the tables and the text under Executive Compensation that describe the compensation awarded to, earned by, and paid to the named executive officers. For 2013, our named executive officers were:

Eric R. Colson, *President and Chief Executive Officer*

Charles J. Daley, Jr., *Executive Vice President, Chief Financial Officer and Treasurer*

Sarah A. Johnson, *Executive Vice President, Chief Legal Officer and Secretary*

Dean J. Patenaude, *Executive Vice President Global Distribution*

Gregory K. Ramirez, *Senior Vice President*

Janet D. Olsen, *former Executive Vice President, Chief Legal Officer and Secretary.*

Ms. Olsen ceased to be our Executive Vice President, Chief Legal Officer and Secretary in October 2013 in connection with her retirement from the company on December 31, 2013.

### ***Executive Summary***

#### ***2013 Financial and Business Highlights***

2013 financial and business highlights included:

Reorganized our capital structure and completed our IPO along with the November 2013 Offering.

Launched our 13th investment strategy, the Global Small-Cap Growth strategy.

Recruited a new portfolio manager to start the firm's first fixed-income strategy.

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Promoted key decision-makers on our existing investment teams and within our senior management team.

Expanded our distribution efforts in Europe; we ended the year with over \$1 billion in UCITS assets.

As of December 31, 2013, our assets under management was \$105.5 billion.

As of December 31, 2013, 91% and 98% of our assets under management had outperformed their benchmarks over the trailing 3-year period and since inception, respectively.

As of December 31, 2013, 94% of our assets under management in eligible funds were rated 3-, 4- or 5-stars by Morningstar.

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For the year ended December 31, 2013, we generated \$685.8 million in revenues, representing a 36% increase compared to the year ended December 31, 2012.

*2013 Compensation Program*

During 2013, we transitioned from a private partnership to a public company and successfully implemented key public company governance functions and policies. Mr. Colson's 2013 cash bonus reflects the completion of our IPO, the IPO Reorganization and the November 2013 Offering, in addition to the company's other performance achievements.

The table below shows the elements of compensation that our named executive officers received in 2013 (which varies from the data and reporting conventions required in the Summary Compensation Table). These amounts reflect the completion of our IPO, the IPO Reorganization and the November 2013 Offering, our financial results and our continued focus on incentive compensation contingent on performance and equity awards designed to align the interests of our named executive officers with our stockholders.

**2013 Compensation Levels**

<b>Name &amp; Principal Position</b>	<b>Salary</b>	<b>Cash Bonus</b>	<b>Restricted Stock Grant</b>	<b>Total Direct Compensation</b>	<b>Incentive Pay as a % of Total Direct Compensation</b>
Eric R. Colson, Chief Executive Officer	\$ 250,000	\$ 7,000,000	\$ 1,178,100	\$ 8,428,100	83%
Charles J. Daley, Jr., Chief Financial Officer	\$ 250,000	\$ 2,500,000	\$ 549,780	\$ 3,299,780	76%
Dean J. Patenaude, Global Distribution	\$ 250,000	\$ 2,100,000	\$ 497,420	\$ 2,847,420	74%
Sarah A. Johnson, Chief Legal Officer	\$ 250,000	\$ 950,000	\$ 261,800	\$ 1,461,800	65%
Gregory K. Ramirez, Senior Vice President	\$ 250,000	\$ 1,000,000	\$ 261,800	\$ 1,511,800	66%
Janet D. Olsen, Former Chief Legal Officer	\$ 250,000	\$ 2,250,000	\$	\$ 2,500,000	90%

The table above does not include the incremental fair value of certain modifications, described in more detail below, of our named executive officers' Class B equity awards. Although our transition to a public company was a significant achievement in 2013, it also resulted in our recognizing several non-recurring expenses, including a non-recurring compensation expense of \$287.3 million related to the modification of the Class B awards. Under the applicable rules, we are required to reflect the impact of that modification in the Summary Compensation Table, which significantly increases the amount reported under the Stock Awards and Total Compensation columns. We believe that the table above better reflects the Compensation Committee's compensation decisions, since we do not believe that the amounts related to the modification reflect compensation paid to our named executive officers.

The core elements of our named executive officers' compensation program are: base salary, a discretionary cash bonus, and equity-based grants. Together, these elements of compensation create a pay package that is designed to: support our business strategy; provide competitive pay opportunities; attract, motivate and retain highly talented, results-oriented individuals; reward the achievement of superior and sustained short and long-term performance; be flexible and responsive to changing market conditions; and align the interests of our executives with our stockholders. Going forward, we will continue to evaluate our compensation program, policies and practices to determine whether they meet our objectives and reflect our transition from a private partnership to a public company.

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Our executive compensation program includes the following features that we believe reflect best practices in corporate pay governance:

We do not have employment or other agreements that provide termination benefits outside the context of a change in control.

Starting with 2013 awards, our equity grants to executive officers include double-trigger change in control provisions.

We do not provide golden parachute tax gross ups.

We do not offer retirement or pension plans other than the same 401(k) plan that is available to all employees.

We do not offer excessive perquisites.

Our insider trading policy prohibits hedging or pledging by our employees.

Our Compensation Committee receives input from an independent compensation consultant.

***Compensation and Equity Participation Programs Objectives***

We believe that to create long-term value for our stockholders our management team needs to focus on the following business objectives:

Achieving profitable and sustainable financial results.

Delivering superior investment performance and client service.

Attracting and retaining top investment talent whose interests are aligned with our clients and stockholders.

Expanding our investment capabilities through thoughtful growth.

Continuing to diversify our sources of assets.

Our cash compensation and equity participation programs are designed to (i) support our business strategy, (ii) provide competitive pay opportunities, (iii) attract, motivate and retain highly talented, results-oriented individuals, (iv) reward the achievement of superior and sustained short- and long-term performance, (v) be flexible and responsive to changing market conditions and (vi) align the interests of our executives with our stockholders.

***Determination of Compensation***

***Oversight of Compensation Programs.*** The aggregate level of our executive compensation, as well as each named executive officer's equity participation, is reviewed on an annual basis. Prior to our IPO in March 2013, our former general partner (Artisan Investment Corporation) had primary responsibility for all compensation decisions relating to our named executive officers. After our IPO, these decisions were made by our



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Compensation Committee, which is comprised solely of independent directors and assists our board of directors in discharging its responsibilities relating to the compensation of our named executive officers. For a discussion of our Compensation Committee's roles and responsibilities, see Board Committees Compensation Committee above.

**Compensation Benchmarking and Peer Group.** We do not set our aggregate compensation spending levels at an amount equal to a particular percentage of revenues or another measure. Similarly, we have not historically identified a specific peer group of companies to benchmark our pay levels and financial performance. Rather, we have considered the individual and aggregate pay levels and financial performance of other asset management

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companies as inputs to our broader decision-making processes. For example, in determining the size and structure of equity awards made to our named executive officers in 2013, our Compensation Committee considered the size and structure of equity awards granted by certain investment managers to their executives. More generally, in approving the elements and amounts of compensation paid to our named executive officers in 2013, our Compensation Committee considered compensation information with respect to other companies in the asset management industry. Going forward, our Compensation Committee will assess annually whether using competitive benchmarking or a specific peer group is appropriate for our company.

***Role of President and Chief Executive Officer, Compensation Committee and Board.*** Our President and Chief Executive Officer evaluates the performance of, and makes recommendations to our Compensation Committee regarding compensation matters involving, the other named executive officers. Our Compensation Committee retains the ultimate authority to approve, reject or modify those recommendations. The Compensation Committee independently evaluates our President and Chief Executive Officer's performance and determines our President and Chief Executive Officer's compensation. Our board of directors then ratifies those determinations. Our Compensation Committee has the opportunity to meet in executive session at each meeting without management present.

***Use of Compensation Consultants.*** In July 2013, our Compensation Committee retained the services of McLagan, a compensation consultant, to provide advice regarding our executive compensation program and compensation trends in the asset management industry. McLagan must receive preapproval from the chairperson of our Compensation Committee prior to accepting any non-survey-related work from management. Other than compensation surveys and multi-client studies where McLagan provided information, but not advice, McLagan did not provide any services to management in 2013. Our Compensation Committee has assessed the independence of McLagan pursuant to SEC rules and concluded that no conflict of interest exists that prevents McLagan from independently representing the Compensation Committee.

***Elements of Our Named Executive Officers' Compensation and Benefits***

In 2013, the elements of our executive compensation program were:

base salary;

annual discretionary cash bonus;

equity-based compensation;

retirement benefits; and

other benefits and perquisites.

***Base Salary***

Base salaries are intended to provide our named executive officers with a degree of financial certainty and stability that does not depend on performance and that does not differentiate among the responsibilities, contributions or performance of our executives. Instead, we consider it a baseline compensation level that delivers some current cash income to our executives. As is typical in the asset management industry, our named executive officers' base salaries represent a relatively small portion of their overall total direct compensation. We believe that the potential for substantial incentive compensation is seen by our named executive officers as the more important component. Further, we believe in a model of managed fixed costs and the potential for substantial upside to productive employees and view this compensation structure as promoting our business objectives. Each of our named executive officers received an annual base salary of \$250,000 in 2013. The \$250,000 annual base salary for executive officers has remained unchanged over the last decade. We will continue to annually review the base salaries of our named executive officers.

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*Annual Discretionary Cash Bonus*

Cash incentive compensation is the most significant part of our named executive officers' total direct compensation. Annual cash incentive compensation is determined towards the end of each year and is based on the Compensation Committee's assessment of individual and company-wide performance measured over short- and long-term periods. We do not use predetermined incentive formulas to evaluate performance or determine pay.

In its July and October meetings, our Compensation Committee reviewed our compensation philosophy and historic compensation practices and discussed named executive officer performance goals and compensation criteria for 2013 in preparation for its December meeting. In December, our Compensation Committee reviewed the performance of our named executive officers and determined annual cash incentive compensation awards for 2013 based on the Compensation Committee's assessment of our strong business and financial results and the execution of strategic priorities, without assigning a particular weight to any individual factor.

Although we did not use specific targets or formulaic methods, in shaping its decisions with respect to all of the named executive officers, the Compensation Committee considered the following key 2013 achievements:

the successful completion of our IPO and the IPO Reorganization and the execution and implementation of public company processes;

the successful completion of the November 2013 Offering;

our development of future assets under management capacity;

our strong investment performance and net organic growth;

our expanded revenue;

our increase in adjusted operating income;

our above average adjusted operating margin;

the expansion of our distribution outside of the United States; and

our success in retaining, motivating and attracting talented employees.

In addition, the Compensation Committee also recognized the achievement of the following: further developing the company's executive management team; thoughtfully enhancing our assets under management capacity by launching a new strategy with a current investment team and recruiting new investment talent; and maintaining and enhancing relationships and communication with clients, employees, investors and potential new investment talent.

Based on the achievements described above, the Compensation Committee determined to pay 2013 cash incentive awards as follows: \$7.0 million for Mr. Colson; \$2.5 million for Mr. Daley; \$0.95 million for Ms. Johnson; \$2.1 million for Mr. Patenaude; and \$1.0 million for Mr. Ramirez. As described in more detail below under Employment Agreements, Ms. Olsen was paid a cash bonus of \$2.25 million pursuant to an employment letter agreement with us that provided for a retention bonus of \$500,000 upon the closing of our IPO in March 2013 and a

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minimum annual bonus payment for 2013 of \$1.75 million, so long as she remained employed through December 31, 2013.

### *Equity-Based Compensation*

As discussed above, we strongly believe that equity participation causes employees to think and act like owners. We also believe that broad equity ownership creates incentives that help our business grow and increase in value, creating value for all owners that outweighs the dilutive effect of the equity grants themselves.

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In July 2013, pursuant to the Artisan Partners Asset Management Inc. 2013 Omnibus Incentive Compensation Plan, or the Omnibus Plan, we granted equity awards, consisting entirely of restricted shares of our Class A common stock, to certain employees to reward their value creation and to further align their interests with those of our stockholders. Our Compensation Committee recommended, and our board of directors subsequently approved, those equity grants, including to our named executive officers as follows: 22,500 shares for Mr. Colson; 10,500 shares for Mr. Daley; 5,000 shares for Ms. Johnson; 9,500 shares for Mr. Patenaude; and 5,000 shares for Mr. Ramirez. The awards are scheduled to vest 20% on August 1 of each of the following five years, beginning August 1, 2014, so long as the recipient continues to be employed by us through the vesting dates. These shares are subject to hedging and pledging restrictions under our insider trading policy.

We intend to continue to grant annual equity-based awards to our executive officers under the Omnibus Plan, which provides for a wide variety of equity awards, including stock options, shares of restricted stock, restricted stock units, stock appreciation rights, other stock-based awards based on our common stock, and common units of Artisan Partners Holdings. The size and structure of the equity awards granted for 2013 may not be indicative of future awards. We expect future equity awards to be granted in a mix of restricted shares and options and to be subject to both time- and performance-based vesting. In addition, because each of our named executive officers holds Class B common units of Artisan Partners Holdings, a substantial portion of their economic return continues to be obtained through equity ownership in Artisan Partners Holdings LP.

### *Retirement Benefits*

We believe that providing a cost-effective retirement benefit for the company's employees is an important recruitment and retention tool. Accordingly, the company maintains, and each of the named executive officers participates in, a contributory defined contribution retirement plan for all U.S.-based employees, and matches 100% of each employee's contributions (other than catch-up contributions by employees age 50 and older) up to the 2013 limit of \$17,500. We also maintain retirement plans or make retirement plan contributions for our employees based outside the U.S.

### *Other Benefits and Perquisites*

Our named executive officers participate in the employee health and welfare benefit programs we maintain, including medical, group life and long-term disability insurance, and health-care flexible spending, on the same basis as all U.S. employees, subject to satisfying any eligibility requirements and applicable law. We also generally provide employer-paid parking or transit assistance and one daily meal or a meal stipend; our named executive officers enjoy those benefits on the same terms as all of our employees. The perquisites provided to our named executive officers in 2013 are described below under Executive Compensation Summary Compensation Table.

### *Equity Award Modifications*

While our transition from a private partnership to a publicly-traded company represented the achievement of a key priority in 2013, it also resulted in our recognizing several non-recurring expenses, including a non-recurring compensation expense of \$287.3 million related to the modification of the Class B equity awards we have made to our employee-partners, including each of our named executive officers. The impact of that modification is reflected below under Executive Compensation Summary Compensation Table, increasing considerably the Stock Awards and Total Compensation reflected for each of our named executive officers in 2013. For instance, the modification increased Mr. Colson's 2013 total compensation as reflected in the table by \$13.9 million.

Prior to the IPO Reorganization, the vested Class B limited partnership interests held by employee-partners, including our named executive officers, were redeemable by us for cash upon termination of employment. The redemption value was based on the fair market value of the company by reference to the value of asset

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management firms with publicly-traded equity securities and included a premium in the case of employment terminated by reason of death, disability or retirement. Unless we had accepted an employee-partner's retirement notification, the premium was not included in calculating the redemption value of the individual Class B awards. As part of the IPO Reorganization, the Class B grant agreements were amended to eliminate the cash redemption feature. Now, upon termination of employment, the Class B common units held by employee-partners, including the named executive officers, are automatically exchanged for Class E common units, which will be exchangeable for shares of our Class A common stock. If an employee-partner's employment terminates for any reason other than death, disability or retirement (which, for named executive officers, requires a minimum of 10 years of service and three years' prior written notice of retirement), he or she may not sell any of the Class A common stock issuable upon exchange of Class E common units for three years from the date of termination, and then the former employee-partner may only sell one-quarter of the shares in each one-year period beginning on the third anniversary of termination. As described above, the elimination of the redemption feature required us to recognize a non-recurring compensation expense of \$287.3 million. For the expense associated with each named executive officer, applicable rules require that we include the incremental fair value resulting from the modification to the Class B awards in the Stock Awards and Total Compensation columns, although we do not believe the amounts related to the modification represent compensation paid to our named executive officers. The modification applied consistently to all of our employees who were partners of our firm at the time of our IPO, and it applied to equity awards that were made over a number of years prior to 2013. For instance, for Mr. Colson, the awards that were modified were made in 2006, 2008, 2009, 2010, 2011 and 2012.

We previously modified the Class B awards in 2012. Prior to July 2012, each employee-partner had a separate percentage interest in the firm's profits and in the firm's capital. In July 2012, those separate interests were unitized into a single number of partnership units. In determining the number of units each partner would receive, relatively greater weight was assigned to partners' percentage interests in profits. Each of the named executive officers (other than Ms. Olsen) had relatively greater profits interests than capital interests. Applicable rules require that we include the incremental fair value resulting from this unitization in the Stock Awards and Total Compensation columns in the Summary Compensation Table below. For instance, the unitization increased Mr. Colson's 2012 total compensation reflected in the table by \$2.8 million. As with the pre-IPO modification discussed above, we do not believe the unitization represented compensation paid to any of our named executive officers. The unitization applied consistently to all of our employees who were partners of our firm at the time, and it also applied to equity awards that were made over a number of years.

Neither of the award modifications described above, which we refer to as the Modifications, is expected to recur.

***Tax and Accounting Considerations***

When it reviews compensation matters, our Compensation Committee considers the anticipated tax and accounting treatment of various payments and benefits to Artisan and, when relevant, to its executives, although these considerations are not dispositive. Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to a publicly-traded corporation that pays compensation in excess of \$1 million to any of its named executive officers (other than the chief financial officer) in any taxable year, unless the compensation plan and awards meet certain requirements. Section 162(m) did not apply to our compensation prior to our IPO in March 2013. Under the transition rules, in general, compensation paid under a plan that existed while we were private is exempt from the \$1 million deduction limit until the earliest to occur of: (i) the expiration of the plan; (ii) the material modification of the plan; (iii) the issuance of all available shares and other compensation that has been allocated under the plan; and (iv) the first meeting of stockholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which our IPO occurred (i.e., the first meeting of stockholders after December 31, 2016). To the extent Section 162(m) is now applicable to us, we are relying on this exemption. Notwithstanding the foregoing, we reserve the right to pay amounts that are not deductible under Section 162(m) during any period when Section 162(m) is applicable to us.

**Table of Contents****Executive Compensation**

The following table provides information regarding the compensation earned during the years ended December 31, 2011, 2012 and 2013 by each of our named executive officers. All dollar amounts are in U.S. dollars.

**Summary Compensation Table<sup>(1)</sup>**

Name & Principal Position	Year	Salary	Bonus <sup>(2)</sup>	Stock Awards <sup>(3)</sup>	Option Award	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-qualified Deferred Compensation Earnings	All Other Compensation <sup>(4)</sup>	Total
Eric R. Colson, Chief Executive Officer	2013	\$ 250,000	\$ 7,000,000	\$ 15,041,777				\$ 143,309	\$ 22,435,086
	2012	250,000	4,500,000	3,635,380				102,030	8,487,410
	2011	250,000	3,000,000	840,279				77,342	4,167,621
Charles J. Daley, Jr., Chief Financial Officer	2013	250,000	2,500,000	3,359,437				74,190	6,183,627
	2012	250,000	1,500,000	1,714,944				56,716	3,521,660
	2011	250,000	1,120,000					59,192	1,429,192
Dean J. Patenaude, Global Distribution	2013	250,000	2,100,000	3,221,159				70,832	5,641,991
	2012	250,000	1,900,000	1,187,032					