

Invesco Ltd.  
Form 10-K/A  
October 30, 2012

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

Form 10-K/A  
(Amendment No. 1)  
(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR  
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-13908

Invesco Ltd.

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(State or Other Jurisdiction of

Incorporation or Organization)

98-0557567

(I.R.S. Employer

Identification No.)

1555 Peachtree Street, N.E., Suite 1800, Atlanta, GA

(Address of Principal Executive Offices)

30309

(Zip Code)

Registrant's telephone number, including area code: (404) 892-0896

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Exchange on Which Registered

Common Shares, \$0.20 par value per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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 Exchange Act. (Check one):

|                                                             |                                            |                                                                                              |                                                    |
|-------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------|
| Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company <input type="checkbox"/> |
|-------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

At June 30, 2011, the aggregate market value of the voting stock held by non-affiliates was \$8.4 billion, based on the closing price of the registrant's Common Shares, par value U.S. \$0.20 per share, on the New York Stock Exchange. At January 31, 2012, the most recent practicable date, the number of Common Shares outstanding was 446,157,905.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant will incorporate by reference information required in response to Part III, Items 10-14 in its definitive Proxy Statement for its annual meeting of shareholders, to be filed with the Securities and Exchange Commission within 120 days after December 31, 2011.

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Explanatory Note

This amendment (the “Amendment”) to the Annual Report on Form 10-K for the year ended December 31, 2011, of Invesco Ltd. (the “Original Form 10-K”) is being filed for the purposes of revising Note 21 - Guarantor Condensed Consolidating Financial Statements (the “Guarantor Footnote”) - in order to conform to the requirements of Rule 3-10 of Regulation S-X, including:

- grossing up the intercompany balances among the Guarantors, non-Guarantors, Issuer and Parent entities and
- (i) presenting them as current and non-current intercompany receivables and payables on the Guarantor Condensed Consolidating Balance Sheets,
- (ii) grossing up the intercompany revenue and expense sharing transactions on the Guarantor Condensed Consolidating Statements of Income, and
- (iii) correcting the classification of certain intercompany loan, capital, and dividend activity as financing cash flows on the Guarantor Condensed Consolidating Statements of Cash Flows.

These corrections of amounts within the Guarantor Footnote concern presentation and categorization of intercompany balances and transactions. Consequently, none of the corrections affect Invesco Ltd.'s primary consolidated financial statements, including the Consolidated Balance Sheets, Statements of Income and Statements of Cash Flows.

The primary purpose of the Guarantor Footnote is to provide financial information to the holders of the company's publicly-traded debt instruments. The corrections to the presentation of this footnote do not affect compliance with the company's liquidity or debt covenants and do not result in a default under any of the terms of our debt instruments. This Amendment solely modifies Part II, Item 8, and Part IV, Items 15 and 16 of the Original Form 10-K. All other Items of the Original Form 10-K are unaffected by this Amendment and such Items have not been included in this Amendment. Information included in this Amendment is stated as of December 31, 2011, and does not reflect any subsequent events occurring after the filing of the Original Form 10-K.

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## SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report, the documents incorporated by reference herein, other public filings and oral and written statements by us and our management, may include statements that constitute “forward-looking statements” within the meaning of the United States securities laws. These statements are based on the beliefs and assumptions of our management and on information available to us at the time such statements are made. Forward-looking statements include information concerning possible or assumed future results of our operations, expenses, earnings, liquidity, cash flows and capital expenditures, industry or market conditions, assets under management, acquisition activities and the effect of completed acquisitions, debt levels and our ability to obtain additional financing or make payments on our debt, legal and regulatory developments, demand for and pricing of our products and other aspects of our business or general economic conditions. In addition, when used in this Report, the documents incorporated by reference herein or such other documents or statements, words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “projects,” “forecasts,” and future or conditional verbs such as “will,” “may,” “could,” “should,” and “would,” and any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of performance or other outcomes. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements.

The following important factors, and other factors described elsewhere in this Report or incorporated by reference into this Report or contained in our other filings with the U.S. Securities and Exchange Commission (SEC), among others, could cause our results to differ materially from any results described in any forward-looking statements:

- variations in demand for our investment products or services, including termination or non-renewal of our investment advisory agreements;
- significant changes in net asset flows into or out of the accounts we manage or declines in market value of the assets in, or redemptions or other withdrawals from, those accounts;
- enactment of adverse state, federal or foreign legislation or changes in government policy or regulation (including accounting standards) affecting our operations, our capital requirements or the way in which our profits are taxed;
- significant fluctuations in the performance of debt and equity markets worldwide;
- exchange rate fluctuations, especially as against the U.S. Dollar;
- the effect of economic conditions and interest rates in the U.S. or globally;
- our ability to compete in the investment management business;
- the effect of consolidation in the investment management business;
- limitations or restrictions on access to distribution channels for our products;
- our ability to attract and retain key personnel, including investment management professionals;
- the investment performance of our investment products;
- our ability to acquire and integrate other companies into our operations successfully and the extent to which we can realize anticipated cost savings and synergies from such acquisitions;
- changes in regulatory capital requirements;
- our debt and the limitations imposed by our credit facility;
- the effect of failures or delays in support systems or customer service functions, and other interruptions of our operations;
- the occurrence of breaches and errors in the conduct of our business, including any failure to properly safeguard confidential and sensitive information;
- the execution risk inherent in our ongoing company-wide transformational initiatives;
- the effect of political or social instability in the countries in which we invest or do business;
-

the effect of terrorist attacks in the countries in which we invest or do business and the escalation of hostilities that could result therefrom;

• war and other hostilities in or involving countries in which we invest or do business; and

• adverse results in litigation, including private civil litigation related to mutual fund fees and any similar potential regulatory or other proceedings.

Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized may also cause actual results to differ materially from those projected. For more discussion of the risks affecting us, please refer to Part I, Item 1A, “Risk Factors.”

You should consider the areas of risk described above in connection with any forward-looking statements that may be made by us and our businesses generally. We expressly disclaim any obligation to update any of the information in this or any other public report if any forward-looking statement later turns out to be inaccurate, whether as a result of new information, future events or otherwise. For all forward-looking statements, we claim the “safe harbor” provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

PART II

Item 8. Financial Statements and Supplementary Data

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## Annual Report of Management on Internal Control over Financial Reporting

Management of the company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Securities Exchange Act of 1934, Rules 13a-15(f) and 15d-15(f). The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the chief executive officer and chief financial officer, management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2011.

The company's independent auditors, Ernst & Young LLP, have issued an audit report on the effectiveness of our internal control over financial reporting, which is included herein.

## Changes in Internal Control over Financial Reporting

There were no changes in the company's internal control over financial reporting during the fourth quarter of 2011 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.



Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Invesco Ltd.

We have audited the accompanying consolidated balance sheets of Invesco Ltd. ("the Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Invesco Ltd. at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 24, effective January 1, 2011, the Company retrospectively adopted the presentation and disclosure requirements of Accounting Standard Update (ASU) 2011-05, Presentation of Comprehensive Income, as amended by ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Invesco Ltd.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia  
February 24, 2012, except for  
Notes 21 and 24 as to which the date is  
October 30, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Invesco Ltd.

We have audited Invesco Ltd.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Invesco Ltd.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Annual Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Invesco Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Invesco Ltd. as of December 31, 2011 and 2010, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2011, of Invesco Ltd. and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s / Ernst & Young LLP

Atlanta, Georgia  
February 24, 2012



Invesco Ltd.  
Consolidated Balance Sheets

| \$ in millions, except per share data                         | As of<br>December 31,<br>2011 | December 31,<br>2010 |
|---------------------------------------------------------------|-------------------------------|----------------------|
| <b>ASSETS</b>                                                 |                               |                      |
| Current assets:                                               |                               |                      |
| Cash and cash equivalents                                     | 727.4                         | 740.5                |
| Cash and cash equivalents of consolidated investment products | 382.3                         | 636.7                |
| Unsettled fund receivables                                    | 444.4                         | 513.4                |
| Accounts receivable                                           | 424.4                         | 424.7                |
| Accounts receivable of consolidated investment products       | 98.5                          | 158.8                |
| Investments                                                   | 283.7                         | 308.8                |
| Prepaid assets                                                | 51.2                          | 64.0                 |
| Other current assets                                          | 150.0                         | 101.8                |
| Deferred tax asset, net                                       | 28.7                          | 30.4                 |
| Assets held for policyholders                                 | 1,243.5                       | 1,295.4              |
| Total current assets                                          | 3,834.1                       | 4,274.5              |
| Non-current assets:                                           |                               |                      |
| Investments                                                   | 200.8                         | 164.4                |
| Investments of consolidated investment products               | 6,629.0                       | 7,206.0              |
| Security deposit assets and receivables                       | 81.2                          | 146.3                |
| Other non-current assets                                      | 17.9                          | 20.9                 |
| Deferred sales commissions                                    | 40.5                          | 42.2                 |
| Property and equipment, net                                   | 312.8                         | 272.4                |
| Intangible assets, net                                        | 1,322.8                       | 1,337.2              |
| Goodwill                                                      | 6,907.9                       | 6,980.2              |
| Total non-current assets                                      | 15,512.9                      | 16,169.6             |
| Total assets                                                  | 19,347.0                      | 20,444.1             |
| <b>LIABILITIES AND EQUITY</b>                                 |                               |                      |
| Current liabilities:                                          |                               |                      |
| Current maturities of total debt                              | 215.1                         | —                    |
| Unsettled fund payables                                       | 439.6                         | 504.8                |
| Income taxes payable                                          | 59.6                          | 72.2                 |
| Other current liabilities                                     | 841.5                         | 905.7                |
| Other current liabilities of consolidated investment products | 175.1                         | 486.4                |
| Policyholder payables                                         | 1,243.5                       | 1,295.4              |
| Total current liabilities                                     | 2,974.4                       | 3,264.5              |
| Non-current liabilities:                                      |                               |                      |
| Long-term debt                                                | 1,069.6                       | 1,315.7              |
| Long-term debt of consolidated investment products            | 5,512.9                       | 5,865.4              |
| Deferred tax liabilities, net                                 | 274.0                         | 229.0                |
| Security deposits payable                                     | 81.2                          | 146.3                |
| Other non-current liabilities                                 | 297.3                         | 262.3                |
| Total non-current liabilities                                 | 7,235.0                       | 7,818.7              |
| Total liabilities                                             | 10,209.4                      | 11,083.2             |
| Commitments and contingencies (See Note 19)                   |                               |                      |
| Equity:                                                       |                               |                      |

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Equity attributable to common shareholders:

|                                                                                                                             |           |          |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| Common shares (\$0.20 par value; 1,050.0 million authorized; 490.4 million shares issued as of December 31, 2011, and 2010) | 98.1      | 98.1     |
| Additional paid-in-capital                                                                                                  | 6,180.6   | 6,262.6  |
| Treasury shares                                                                                                             | (1,280.4) | (991.5)  |
| Retained earnings                                                                                                           | 2,413.2   | 1,904.4  |
| Retained earnings appropriated for investors in consolidated investment products                                            | 334.3     | 495.5    |
| Accumulated other comprehensive income, net of tax                                                                          | 373.3     | 495.5    |
| Total equity attributable to common shareholders                                                                            | 8,119.1   | 8,264.6  |
| Equity attributable to noncontrolling interests in consolidated entities                                                    | 1,018.5   | 1,096.3  |
| Total equity                                                                                                                | 9,137.6   | 9,360.9  |
| Total liabilities and equity                                                                                                | 19,347.0  | 20,444.1 |

See accompanying notes.

Invesco Ltd.  
Consolidated Statements of Income

| \$ in millions, except per share data                                                 | Years ended December 31, |          |          |
|---------------------------------------------------------------------------------------|--------------------------|----------|----------|
|                                                                                       | 2011                     | 2010     | 2009     |
| Operating revenues:                                                                   |                          |          |          |
| Investment management fees                                                            | 3,138.5                  | 2,720.9  | 2,120.2  |
| Service and distribution fees                                                         | 780.3                    | 645.5    | 412.6    |
| Performance fees                                                                      | 37.9                     | 26.1     | 30.0     |
| Other                                                                                 | 135.5                    | 95.2     | 64.5     |
| Total operating revenues                                                              | 4,092.2                  | 3,487.7  | 2,627.3  |
| Operating expenses:                                                                   |                          |          |          |
| Employee compensation                                                                 | 1,246.2                  | 1,114.9  | 950.8    |
| Third-party distribution, service and advisory                                        | 1,282.5                  | 1,053.8  | 737.0    |
| Marketing                                                                             | 86.0                     | 78.5     | 65.3     |
| Property, office and technology                                                       | 254.6                    | 238.4    | 212.3    |
| General and administrative                                                            | 295.4                    | 262.2    | 166.8    |
| Transaction and integration                                                           | 29.4                     | 150.0    | 10.8     |
| Total operating expenses                                                              | 3,194.1                  | 2,897.8  | 2,143.0  |
| Operating income                                                                      | 898.1                    | 589.9    | 484.3    |
| Other income/(expense):                                                               |                          |          |          |
| Equity in earnings of unconsolidated affiliates                                       | 30.5                     | 40.2     | 27.0     |
| Interest and dividend income                                                          | 11.0                     | 10.4     | 9.8      |
| Interest income of consolidated investment products                                   | 307.2                    | 240.9    | —        |
| Gains/(losses) of consolidated investment products, net                               | (138.9)                  | 114.0    | (106.9)  |
| Interest expense                                                                      | (61.8)                   | (58.6)   | (64.5)   |
| Interest expense of consolidated investment products                                  | (187.0)                  | (118.6)  | —        |
| Other gains and losses, net                                                           | 49.0                     | 15.6     | 7.8      |
| Income before income taxes                                                            | 908.1                    | 833.8    | 357.5    |
| Income tax provision                                                                  | (286.1)                  | (197.0)  | (148.2)  |
| Net income                                                                            | 622.0                    | 636.8    | 209.3    |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | 107.7                    | (171.1)  | 113.2    |
| Net income attributable to common shareholders                                        | 729.7                    | 465.7    | 322.5    |
| Earnings per share:                                                                   |                          |          |          |
| - basic                                                                               | \$1.58                   | \$1.01   | \$0.77   |
| - diluted                                                                             | \$1.57                   | \$1.01   | \$0.76   |
| Dividends declared per share                                                          | \$0.4775                 | \$0.4325 | \$0.4075 |

See accompanying notes.

## Invesco Ltd.

## Consolidated Statements of Comprehensive Income

| \$ in millions                                                                                | Years ended December 31, |          |         |
|-----------------------------------------------------------------------------------------------|--------------------------|----------|---------|
|                                                                                               | 2011                     | 2010     | 2009    |
| Net income                                                                                    | 622.0                    | 636.8    | 209.3   |
| Other comprehensive income, before tax:                                                       |                          |          |         |
| Currency translation differences on investments in overseas subsidiaries                      | (48.8 )                  | 77.3     | 488.3   |
| Change in accumulated other comprehensive income related to employee benefit plans            | (42.4 )                  | 18.7     | (15.1 ) |
| Change in accumulated other comprehensive income of equity method investments                 | (7.2 )                   | 2.9      | —       |
| Change in net unrealized gains on available-for-sale investments                              | (12.3 )                  | 9.9      | 14.6    |
| Adoption of guidance now encompassed in ASC Topic 320                                         | —                        | —        | (1.5 )  |
| Other comprehensive income (loss), before tax                                                 | (110.7 )                 | 108.8    | 486.3   |
| Income tax related to items of other comprehensive income:                                    |                          |          |         |
| Tax benefit (expense) on foreign currency translation adjustments                             | 0.5                      | —        | 0.7     |
| Tax benefit (expense) on comprehensive income related to employee benefit plans               | 9.3                      | (6.2 )   | 4.1     |
| Tax benefit (expense) on change in net unrealized gains on available-for-sale investments     | 1.8                      | (0.8 )   | (1.7 )  |
| Total income tax benefit (expense) related to items of other comprehensive income             | 11.6                     | (7.0 )   | 3.1     |
| Other comprehensive income, net of tax                                                        | (99.1 )                  | 101.8    | 489.4   |
| Total comprehensive income                                                                    | 522.9                    | 738.6    | 698.7   |
| Comprehensive loss (income) attributable to noncontrolling interests in consolidated entities | 84.6                     | (165.8 ) | 113.2   |
| Comprehensive income attributable to common shareholders                                      | 607.5                    | 572.8    | 811.9   |
| See accompanying notes.                                                                       |                          |          |         |

## Invesco Ltd.

## Consolidated Statements of Cash Flows

| \$ in millions                                                                    | Years ended December 31, |           |          |
|-----------------------------------------------------------------------------------|--------------------------|-----------|----------|
|                                                                                   | 2011                     | 2010      | 2009     |
| Operating activities:                                                             |                          |           |          |
| Net income                                                                        | 622.0                    | 636.8     | 209.3    |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |           |          |
| Amortization and depreciation                                                     | 117.4                    | 96.7      | 77.6     |
| Share-based compensation expense                                                  | 115.1                    | 117.8     | 90.8     |
| Gains on disposal of property, equipment, and software, net                       | (5.8 )                   | —         | (1.2 )   |
| Purchase of trading investments                                                   | (10,548.6)               | (7,093.1) | (41.9 )  |
| Proceeds from sale of trading investments                                         | 10,537.6                 | 7,032.7   | 13.1     |
| Other gains and losses, net                                                       | (49.0 )                  | (15.6 )   | (7.8 )   |
| Losses/(gains) of consolidated investment products, net                           | 138.9                    | (114.0 )  | 106.9    |
| Tax benefit from share-based compensation                                         | 77.8                     | 63.4      | 42.3     |
| Excess tax benefits from share-based compensation                                 | (14.7 )                  | (14.8 )   | (9.4 )   |
| Equity in earnings of unconsolidated affiliates                                   | (30.5 )                  | (40.2 )   | (27.0 )  |
| Dividends from unconsolidated affiliates                                          | 21.3                     | 26.0      | 28.3     |
| Changes in operating assets and liabilities:                                      |                          |           |          |
| Decrease/(increase) in cash held by consolidated investment products              | 264.2                    | (336.2 )  | 45.0     |
| Decrease/(increase) in receivables                                                | 213.4                    | (223.3 )  | (468.4 ) |
| (Decrease)/increase in payables                                                   | (494.3 )                 | 243.0     | 305.1    |
| Net cash provided by operating activities                                         | 964.8                    | 379.2     | 362.7    |
| Investing activities:                                                             |                          |           |          |
| Purchase of property and equipment                                                | (107.0 )                 | (89.6 )   | (39.5 )  |
| Disposal of property and equipment                                                | 12.6                     | —         | 6.8      |
| Purchase of available-for-sale investments                                        | (31.4 )                  | (33.9 )   | (15.6 )  |
| Proceeds from sale of available-for-sale investments                              | 60.2                     | 64.7      | 18.8     |
| Purchase of investments by consolidated investment products                       | (2,991.4 )               | (2,367.7) | (44.1 )  |
| Proceeds from sale of investments by consolidated investment products             | 3,479.0                  | 2,866.3   | 52.1     |
| Purchase of other investments                                                     | (143.4 )                 | (69.4 )   | (88.5 )  |
| Proceeds from sale of other investments                                           | 64.6                     | 42.4      | 31.8     |
| Returns of capital and distributions from equity method investments               | 36.6                     | 25.3      | 10.0     |
| Acquisitions of businesses                                                        | (14.9 )                  | (749.6 )  | —        |
| Acquisition earn-out payments                                                     | (16.8 )                  | (26.3 )   | (34.2 )  |
| Net cash provided by/(used in) investing activities                               | 348.1                    | (337.8 )  | (102.4 ) |
| Financing activities:                                                             |                          |           |          |
| Issuance of new shares                                                            | —                        | —         | 441.8    |
| Proceeds from exercises of share options                                          | 12.4                     | 19.6      | 80.0     |
| Purchases of treasury shares                                                      | (436.5 )                 | (192.2 )  | —        |
| Dividends paid                                                                    | (220.9 )                 | (197.9 )  | (168.9 ) |
| Excess tax benefits from share-based compensation                                 | 14.7                     | 14.8      | 9.4      |
| Capital invested into consolidated investment products                            | 37.2                     | 24.3      | 7.2      |
| Capital distributed by consolidated investment products                           | (172.4 )                 | (97.2 )   | (52.1 )  |
| Repayments of debt of consolidated investment products                            | (513.3 )                 | (207.3 )  | —        |
| Net (repayments)/borrowings under credit facility                                 | (31.0 )                  | 570.0     | (12.0 )  |
| Repayments of senior notes                                                        | —                        | —         | (397.2 ) |
| Acquisition of remaining noncontrolling interest in subsidiary                    | —                        | —         | (8.9 )   |



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|                                                             |          |   |        |            |
|-------------------------------------------------------------|----------|---|--------|------------|
| Acquisition of interest in consolidated investment products | (12.3    | ) | —      | —          |
| Net cash used by financing activities                       | (1,322.1 | ) | (65.9  | ) (100.7 ) |
| (Decrease)/increase in cash and cash equivalents            | (9.2     | ) | (24.5  | ) 159.6    |
| Foreign exchange movement on cash and cash equivalents      | (3.9     | ) | 3.0    | 17.2       |
| Cash and cash equivalents, beginning of year                | 740.5    |   | 762.0  | 585.2      |
| Cash and cash equivalents, end of year                      | 727.4    |   | 740.5  | 762.0      |
| Supplemental Cash Flow Information:                         |          |   |        |            |
| Interest paid                                               | (53.5    | ) | (50.6  | ) (60.4 )  |
| Interest received                                           | 14.5     |   | 7.7    | 10.5       |
| Taxes paid                                                  | (199.8   | ) | (172.3 | ) (88.4 )  |

See accompanying notes.

## Invesco Ltd.

## Condensed Consolidated Statements of Changes in Equity

## Equity Attributable to Common Shareholders

| \$ in millions                                                                                                          | Common Shares | Additional Paid-in-Capital | Treasury Shares | Retained Earnings | Retained Earnings Appropriated for Investors in Consolidated Investment Products | Accumulated Other Comprehensive Income, net of tax | Total Equity Attributable to Common Shareholders | Equity Attributable to Noncontrolling Interests in Consolidated Entities | Total Equity |
|-------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------|-----------------|-------------------|----------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------|--------------|
| January 1, 2011                                                                                                         | 98.1          | 6,262.6                    | (991.5 )        | 1,904.4           | 495.5                                                                            | 495.5                                              | 8,264.6                                          | 1,096.3                                                                  | 9,360.9      |
| Net income                                                                                                              | —             | —                          | —               | 729.7             | —                                                                                | —                                                  | 729.7                                            | (107.7 )                                                                 | 622.0        |
| Other comprehensive income                                                                                              |               |                            |                 |                   |                                                                                  | (122.2 )                                           | (122.2 )                                         | 23.1                                                                     | (99.1 )      |
| Total comprehensive income                                                                                              |               |                            |                 |                   |                                                                                  |                                                    | 607.5                                            | (84.6 )                                                                  | 522.9        |
| Net loss reclassified to appropriated retained earnings                                                                 | —             | —                          | —               | —                 | (169.9 )                                                                         | —                                                  | (169.9 )                                         | 169.9                                                                    | —            |
| Currency translation differences on investments in overseas subsidiaries reclassified to appropriated retained earnings | —             | —                          | —               | —                 | 8.7                                                                              | —                                                  | 8.7                                              | (8.7 )                                                                   | —            |
| Change in noncontrolling interests in consolidated entities, net                                                        | —             | —                          | —               | —                 | —                                                                                | —                                                  | —                                                | (154.4 )                                                                 | (154.4 )     |
| Dividends                                                                                                               | —             | —                          | —               | (220.9 )          | —                                                                                | —                                                  | (220.9 )                                         | —                                                                        | (220.9 )     |
| Employee share plans:                                                                                                   |               |                            |                 |                   |                                                                                  |                                                    |                                                  |                                                                          |              |
| Share-based compensation                                                                                                | —             | 115.1                      | —               | —                 | —                                                                                | —                                                  | 115.1                                            | —                                                                        | 115.1        |
| Vested shares                                                                                                           | —             | (202.7 )                   | 202.7           | —                 | —                                                                                | —                                                  | —                                                | —                                                                        | —            |
| Exercise of options                                                                                                     | —             | (9.1 )                     | 21.5            | —                 | —                                                                                | —                                                  | 12.4                                             | —                                                                        | 12.4         |
| Tax impact of share-based payment                                                                                       | —             | 14.7                       | —               | —                 | —                                                                                | —                                                  | 14.7                                             | —                                                                        | 14.7         |
| Purchase of shares                                                                                                      | —             | —                          | (513.1 )        | —                 | —                                                                                | —                                                  | (513.1 )                                         | —                                                                        | (513.1 )     |
| December 31, 2011                                                                                                       | 98.1          | 6,180.6                    | (1,280.4)       | 2,413.2           | 334.3                                                                            | 373.3                                              | 8,119.1                                          | 1,018.5                                                                  | 9,137.6      |

See accompanying notes.

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| \$ in millions                                                                                                                            | Equity Attributable to Common Shareholders |                               |                    |                      |                                                                                                          |                                                 |                                                                       |                                                                                            |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------|--------------------|----------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------|
|                                                                                                                                           | Common<br>Shares                           | Additional<br>Paid-in-Capital | Treasury<br>Shares | Retained<br>Earnings | Retained<br>Earnings<br>Appropriated<br>for<br>Investors<br>in<br>Consolidated<br>Investment<br>Products | Other<br>Comprehensive<br>Income,<br>net of tax | Accumulated<br>Equity<br>Attributable<br>to<br>Common<br>Shareholders | Equity<br>Attributable<br>to<br>Noncontrolling<br>Interests in<br>Consolidated<br>Entities | Total<br>Equity |
| January 1, 2010                                                                                                                           | 91.9                                       | 5,688.4                       | (892.4 )           | 1,631.4              | —                                                                                                        | 393.6                                           | 6,912.9                                                               | 707.9                                                                                      | 7,620.8         |
| Adoption of<br>guidance now<br>encompassed in ASC<br>Topic 810                                                                            | —                                          | —                             | —                  | 5.2                  | 274.3                                                                                                    | (5.2 )                                          | 274.3                                                                 | —                                                                                          | 274.3           |
| January 1, 2010, as<br>adjusted                                                                                                           | 91.9                                       | 5,688.4                       | (892.4 )           | 1,636.6              | 274.3                                                                                                    | 388.4                                           | 7,187.2                                                               | 707.9                                                                                      | 7,895.1         |
| Net income                                                                                                                                | —                                          | —                             | —                  | 465.7                | —                                                                                                        | —                                               | 465.7                                                                 | 171.1                                                                                      | 636.8           |
| Other comprehensive<br>income                                                                                                             | —                                          | —                             | —                  | —                    | —                                                                                                        | 107.1                                           | 107.1                                                                 | (5.3 )                                                                                     | 101.8           |
| Total comprehensive<br>income                                                                                                             | —                                          | —                             | —                  | —                    | —                                                                                                        | —                                               | 572.8                                                                 | 165.8                                                                                      | 738.6           |
| Net income<br>reclassified to<br>appropriated retained<br>earnings                                                                        | —                                          | —                             | —                  | —                    | 77.1                                                                                                     | —                                               | 77.1                                                                  | (77.1 )                                                                                    | —               |
| Currency translation<br>differences on<br>investments in<br>overseas subsidiaries<br>reclassified to<br>appropriated retained<br>earnings | —                                          | —                             | —                  | —                    | (5.3 )                                                                                                   | —                                               | (5.3 )                                                                | 5.3                                                                                        | —               |
| Change in<br>noncontrolling<br>interests in<br>consolidated entities,<br>net                                                              | —                                          | —                             | —                  | —                    | —                                                                                                        | —                                               | —                                                                     | (69.2 )                                                                                    | (69.2 )         |
| Business<br>Combinations                                                                                                                  | 6.2                                        | 563.0                         | —                  | —                    | 149.4                                                                                                    | —                                               | 718.6                                                                 | 363.6                                                                                      | 1,082.2         |
| Dividends                                                                                                                                 | —                                          | —                             | —                  | (197.9 )             | —                                                                                                        | —                                               | (197.9 )                                                              | —                                                                                          | (197.9 )        |
| Employee share<br>plans:                                                                                                                  |                                            |                               |                    |                      |                                                                                                          |                                                 |                                                                       |                                                                                            |                 |
| Share-based<br>compensation                                                                                                               | —                                          | 117.8                         | —                  | —                    | —                                                                                                        | —                                               | 117.8                                                                 | —                                                                                          | 117.8           |
| Vested shares                                                                                                                             | —                                          | (94.5 )                       | 94.5               | —                    | —                                                                                                        | —                                               | —                                                                     | —                                                                                          | —               |
| Exercise of options                                                                                                                       | —                                          | (26.9 )                       | 46.5               | —                    | —                                                                                                        | —                                               | 19.6                                                                  | —                                                                                          | 19.6            |
| Tax impact of<br>share-based payment                                                                                                      | —                                          | 14.8                          | —                  | —                    | —                                                                                                        | —                                               | 14.8                                                                  | —                                                                                          | 14.8            |

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|                    |      |         |          |         |       |       |          |         |          |
|--------------------|------|---------|----------|---------|-------|-------|----------|---------|----------|
| Purchase of shares | —    | —       | (240.1 ) | —       | —     | —     | (240.1 ) | —       | (240.1 ) |
| December 31, 2010  | 98.1 | 6,262.6 | (991.5 ) | 1,904.4 | 495.5 | 495.5 | 8,264.6  | 1,096.3 | 9,360.9  |

See accompanying notes.

## Equity Attributable to Common Shareholders

| \$ in millions                                                                                  | Common<br>Shares | Additional<br>Paid-in-Capital | Treasury<br>Shares | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income/(Loss),<br>net of tax | Total<br>Equity<br>Attributable<br>to<br>Common<br>Shareholders | Equity<br>Attributable<br>to<br>Noncontrolling<br>Interests in<br>Consolidated<br>Entities | Total<br>Equity |
|-------------------------------------------------------------------------------------------------|------------------|-------------------------------|--------------------|----------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------|
| January 1, 2009                                                                                 | 85.3             | 5,352.6                       | (1,128.9)          | 1,476.3              | (95.8 )                                                               | 5,689.5                                                         | 906.7                                                                                      | 6,596.2         |
| Net income/(loss),<br>including gains and losses<br>attributable to<br>noncontrolling interests | —                | —                             | —                  | 322.5                | —                                                                     | 322.5                                                           | (113.2 )                                                                                   | 209.3           |
| Other comprehensive<br>income                                                                   | —                | —                             | —                  | —                    | 489.4                                                                 | 489.4                                                           | —                                                                                          | 489.4           |
| Total comprehensive<br>income                                                                   | —                | —                             | —                  | —                    | —                                                                     | 811.9                                                           | (113.2 )                                                                                   | 698.7           |
| Adoption of guidance now<br>encompassed in ASC Topic<br>320                                     | —                | —                             | —                  | 1.5                  | —                                                                     | 1.5                                                             | —                                                                                          | 1.5             |
| Change in noncontrolling<br>interests in consolidated<br>entities, net                          | —                | —                             | —                  | —                    | —                                                                     | —                                                               | (84.2 )                                                                                    | (84.2 )         |
| Issuance of new shares                                                                          | 6.6              | 435.2                         | —                  | —                    | —                                                                     | 441.8                                                           | —                                                                                          | 441.8           |
| Dividends                                                                                       | —                | —                             | —                  | (168.9 )             | —                                                                     | (168.9 )                                                        | —                                                                                          | (168.9 )        |
| Employee share plans:                                                                           |                  |                               |                    |                      |                                                                       |                                                                 |                                                                                            |                 |
| Share-based compensation                                                                        | —                | 90.8                          | —                  | —                    | —                                                                     | 90.8                                                            | —                                                                                          | 90.8            |
| Vested shares                                                                                   | —                | (127.6 )                      | 127.6              | —                    | —                                                                     | —                                                               | —                                                                                          | —               |
| Exercise of options                                                                             | —                | (51.5 )                       | 131.8              | —                    | —                                                                     | 80.3                                                            | —                                                                                          | 80.3            |
| Tax impact of share-based<br>payment                                                            | —                | 9.4                           | —                  | —                    | —                                                                     | 9.4                                                             | —                                                                                          | 9.4             |
| Modification of<br>share-based payment<br>awards                                                | —                | (13.0 )                       | —                  | —                    | —                                                                     | (13.0 )                                                         | —                                                                                          | (13.0 )         |
| Purchase of shares                                                                              | —                | —                             | (22.9 )            | —                    | —                                                                     | (22.9 )                                                         | —                                                                                          | (22.9 )         |
| Acquisition of remaining<br>noncontrolling interest in<br>subsidiary                            | —                | (7.5 )                        | —                  | —                    | —                                                                     | (7.5 )                                                          | (1.4 )                                                                                     | (8.9 )          |
| December 31, 2009                                                                               | 91.9             | 5,688.4                       | (892.4 )           | 1,631.4              | 393.6                                                                 | 6,912.9                                                         | 707.9                                                                                      | 7,620.8         |

See accompanying notes.

Invesco Ltd.

Notes to the Condensed Consolidated Financial Statements

## 1. ACCOUNTING POLICIES

### Corporate Information

Invesco Ltd. (Parent) and all of its consolidated entities (collectively, the company or Invesco) provide retail, institutional and high-net-worth clients with an array of global investment management capabilities. The company operates globally and its sole business is investment management.

### Basis of Accounting and Consolidation

In the opinion of management, the Consolidated Financial Statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair presentation of the financial condition and results of operations for the interim periods presented. All significant intercompany transactions, balances, revenues and expenses are eliminated upon consolidation.

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and consolidate the financial statements of the Parent, all of its controlled subsidiaries, any variable interest entities (VIEs) required to be consolidated, and any non-VIE general partnership investments where the company is deemed to have control. A VIE is an entity that does not have sufficient equity to finance its operations without additional subordinated financial support, or an entity for which the risks and rewards of ownership are not directly linked to voting interests. Control is deemed to be present when the Parent holds a majority voting interest or otherwise has the power to govern the financial and operating policies of the subsidiary or VIE so as to obtain the benefits from its activities. The company provides investment management services to, and has transactions with, various private equity funds, real estate funds, fund-of-funds, collateralized loan obligations (CLOs), and other investment products sponsored by the company for the investment of client assets in the normal course of business. The company serves as the investment manager, making day-to-day investment decisions concerning the assets of these products. Certain of these entities are considered to be VIEs.

The company follows the provisions of Accounting Standards Codification (ASC) Topic 810, "Consolidation," when accounting for VIEs, including Accounting Standards Update (ASU) No. 2010-10, "Amendments for Certain Investment Funds" (ASU 2010-10), detailed in "Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements" below. For all VIE investment products with the exception of CLOs, if the company is deemed to have a variable interest in, and to have the majority of rewards/risks of ownership associated with, these entities, then the company is deemed to be their primary beneficiary and is required to consolidate these entities. For VIE CLOs, if the company is deemed to have the power to direct the activities of the CLO that most significantly impact the CLO's economic performance, and the obligation to absorb losses/right to receive benefits from the CLO that could potentially be significant to the CLO, then the company is deemed to be the CLO's primary beneficiary and is required to consolidate the CLO. Investment products that are consolidated are referred to as "Consolidated Investment Products" in the accompanying Consolidated Financial Statements.

As discussed in "Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements" below, the company adopted new guidance now encompassed in ASC Topic 810 on January 1, 2010, with prospective application. All of the investments held and notes issued by consolidated investment products are presented at fair value in the company's Consolidated Balance Sheets at December 31, 2011, and 2010, and interest income and expense of consolidated CLOs are presented as other income/(expense) in the company's Consolidated Income Statements for the years ended December 31, 2011 and 2010. The surplus of consolidated CLO assets over

consolidated CLO liabilities is reflected in the company's Consolidated Balance Sheets as retained earnings appropriated for investors in consolidated investment products. Current period gains/(losses) attributable to investors in consolidated CLOs are included in (gains)/losses attributable to noncontrolling interests in consolidated entities in the Consolidated Statements of Income and in the retained earnings appropriated for investors in consolidated investment products in the Consolidated Balance Sheets, as they are considered noncontrolling interests of the company. See Note 20, "Consolidated Investment Products," for additional details.

The company also consolidates certain private equity and real estate funds that are structured as partnerships in which the company is the general partner receiving a management and/or performance fee. Private equity investments made by the underlying funds consist of direct investments in, or fund investments in other private equity funds that hold direct investments in, equity or debt securities in operating companies that are generally not initially publicly traded. Private equity funds are considered investment companies and are therefore accounted for under ASC Topic 946, "Financial Services - Investment Companies." The company has retained the specialized industry accounting principles of these investment products in its Consolidated Financial Statements. See Note 20, "Consolidated Investment Products," for additional details.



Non-VIE general partnership investments are deemed to be controlled by the company and are consolidated under a voting interest entity (VOE) model, unless the limited partners have the substantive ability to remove the general partner without cause based upon a simple majority vote or can otherwise dissolve the partnership, or unless the limited partners have substantive participating rights over decision-making.

If the company determines that it does not control the private equity and real estate partnership funds in which it has invested, the equity method of accounting is used to account for the company's investment in these entities. The equity method of accounting is also used to account for investments in joint ventures and noncontrolled subsidiaries in which the company's ownership is between 20 and 50 percent. Equity investments are carried initially at cost (subsequently adjusted to recognize the company's share of the profit or loss of the investee after the date of acquisition) and are included in investments on the Consolidated Balance Sheets. The proportionate share of income or loss is included in equity in earnings of unconsolidated affiliates in the Consolidated Statements of Income, and the proportionate share of other comprehensive income or loss is included in accumulated other comprehensive income in the Consolidated Balance Sheets. If the company determines that it does not control CLOs in which it has invested, the company accounts for its investments as available-for-sale investments.

The financial statements have been prepared primarily on the historical cost basis; however, certain items are presented using other bases such as fair value, where such treatment is required or voluntarily elected. The financial statements of subsidiaries, with the exception of certain consolidated investment products as discussed above, are prepared for the same reporting year as the Parent and use consistent accounting policies, which, where applicable, have been adjusted to U.S. GAAP from local generally accepted accounting principles or reporting regulations. The financial information of the consolidated CLOs is included in the company's consolidated financial statements on a one-month lag. The private equity and real estate funds are consolidated using the most recent financial information available, which in some cases is on a quarter-lag. Noncontrolling interests in consolidated entities and retained earnings appropriated for investors in consolidated investment products represent the interests in certain entities consolidated by the company either because the company has control over the entity or has determined that it is the primary beneficiary, but of which the company does not own all of the entity's equity.

#### Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect reported revenues, expenses, assets, liabilities and disclosure of contingent liabilities. The primary estimates relate to investment and debt valuation for consolidated investment products, goodwill and intangible impairment, and taxes. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

#### Reclassifications

Earlier this year, the company changed its presentation of marketing support expenses from marketing expenses to third-party distribution, service and advisory expenses in the Condensed Consolidated Statements of Income. Marketing support expenses are payments made to distributors of certain of the company's retail products over and above the 12b-1 distribution payments passed through to the distributors from the funds. The nature of these costs is distribution-related; accordingly, the reclassification serves to more appropriately reflect them as such. Additionally, the presentation of certain other prior period reported amounts has been reclassified to be consistent with the current presentation. Such reclassifications had no impact on total operating expenses, net income, or equity attributable to common shareholders. The impact to previously reported third-party distribution, service and advisory and marketing expenses is illustrated below.

For the year ended  
December 31,

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|                                                                                 |         |         |
|---------------------------------------------------------------------------------|---------|---------|
| \$ in millions                                                                  | 2010    | 2009    |
| Third-party distribution, service and advisory expenses, as previously reported | 972.7   | 693.4   |
| Reclassification                                                                | 81.1    | 43.6    |
| Third-party distribution, service and advisory expenses, as reclassified        | 1,053.8 | 737.0   |
| Marketing expenses, as previously reported                                      | 159.6   | 108.9   |
| Reclassification                                                                | (81.1   | ) (43.6 |
| Marketing expenses, as reclassified                                             | 78.5    | 65.3    |

## Acquisition Accounting

In accordance with ASC Topic 805, “Business Combinations” (ASC Topic 805), any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired attributable to the company is recognized as goodwill. With certain exceptions, 100% of the fair values of assets acquired, liabilities assumed, and noncontrolling interests is recognized in acquisitions of less than 100% controlling interest when the acquisition constitutes a change in control of the acquired entity. Additionally, when partial ownership in an acquiree is obtained and it is determined that the company controls the acquiree, the assets acquired, liabilities assumed and any noncontrolling interests are recognized and consolidated at 100% of their fair values at that date, regardless of the percentage ownership in the acquiree. As goodwill is calculated as a residual, all goodwill of the acquired business, not just the company's share, is recognized under this “full-goodwill” approach. Noncontrolling interests are stated at the noncontrolling shareholder's proportion of the pre-acquisition carrying values of the acquired net assets. The results of entities acquired or sold during the year are included from or to the date control changes.

Contingent consideration obligations that are elements of consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination shall be expensed.

## Cash and Cash Equivalents

Cash and cash equivalents consist of cash at banks, in hand and short-term investments with a maturity upon acquisition of three months or less. Also included in cash and cash equivalents at December 31, 2011, is \$2.9 million (December 31, 2010: \$2.4 million ) in cash to facilitate trust operations and customer transactions in the company's affiliated funds. Cash and cash equivalents of consolidated investment products are not available for general use by the company.

Cash balances may not be readily assessable to the Parent due to capital adequacy requirements of certain of our subsidiaries. These and other similar provisions of applicable law may have the effect of limiting withdrawals of capital, repayment of intercompany loans and payment of dividends by such entities. A sub-group of Invesco subsidiaries, including all of our regulated EU subsidiaries, is subject to consolidated capital requirements under applicable European Union (EU) directives, and capital is maintained within this sub-group to satisfy these regulations. These requirements mandate the retention of liquid resources in those jurisdictions, which we meet in part by holding cash and cash equivalents. This retained cash can be used for general business purposes in the European sub-group or in the countries where it is located. Due to the capital restrictions, the ability to transfer cash between certain jurisdictions may be limited. In addition, transfers of cash between international jurisdictions may have adverse tax consequences that may substantially limit such activity. At December 31, 2011, the European sub-group had cash and cash equivalent balances of \$440.0 million (December 31, 2010: \$456.2 million), much of which is used to satisfy these regulatory requirements. The company is in compliance with all regulatory minimum net capital requirements. The total amount of non-U.S. cash and cash equivalents was \$551.8 million at December 31, 2011 (December 31, 2010: \$550.1 million).

In addition, the company is required to hold cash deposits with clearing organizations or to otherwise segregate cash to maintain compliance with federal and other regulations in connection with its unit investment trust (UIT) broker dealer entity. At December 31, 2011 these cash deposits totaled \$11.2 million (year ended December 31, 2010: \$14.9 million).

## Unsettled Fund Receivables and Payables

The company records unsettled fund receivables from underlying fund investors in certain fund products outside the U.S. when these investors place unsettled investments into the funds. Additionally, the company records unsettled fund receivables from certain non-U.S. funds during the settlement period when underlying fund investors redeem their holdings. Settlement periods for both receivables from underlying investors and funds is generally less than four days. Additionally, in its capacity as sponsor of UITs which arose subsequent to the acquisition of Morgan Stanley's retail asset management business on June 1, 2010 (discussed in Note 2, "Business Combination and Integration,") the company records receivables from brokers, dealers, and clearing organizations for unsettled sell trades of securities and UITs in addition to receivables from customers for unsettled sell trades of UITs. The company also records payables to brokers, dealers, and clearing organization for unsettled buy trades of securities and UITs in addition to payables to customers for unsettled sell trades of securities and UITs. The presentation of the unsettled fund receivables and substantially offsetting payables at trade date reflects the legal relationship between the underlying investor and the company.

#### Accounts Receivable and Payable

Accounts receivable and payable are recorded at their original invoice amounts. Accounts receivable are also recorded less any allowance for uncollectible amounts. Accounts receivable include fees receivable from affiliated funds and accounts.

## Investments

Investments in equity securities that have readily determinable fair values and investments in debt securities are classified as either trading or available-for-sale. Investments in debt securities are classified as held-to-maturity investments if the company has the intent and ability to hold the investments until maturity. Trading securities are securities bought and held principally for the purpose of selling them in the near term. Additionally, purchases and sales of trading investments are classified as operating activities on the Consolidated Statements of Cash Flows based on the nature and purpose for which the securities were acquired. Available-for-sale securities are those neither classified as trading nor as held-to-maturity. Trading and available-for-sale investments are measured at fair value. Gains or losses arising from changes in the fair value of trading investments are included in income, and gains or losses arising from changes in the fair value of available-for-sale investments are recognized in accumulated other comprehensive income, net of tax, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on securities sold or otherwise disposed. Held-to-maturity investments are measured at amortized cost, taking into account any discounts or premiums.

Investments in joint ventures, non-controlled subsidiaries and certain investment products that are not consolidated under a VIE or VOE model are investments over which the company has significant influence but not control and are accounted for using the equity method, where the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the company's share of the after-tax profit or loss of the investee after the date of acquisition. Investments in joint ventures are investments jointly controlled by the company and external parties. Investments in joint ventures are also accounted for using the equity method to reflect the substance and economic reality of the company's interest in jointly controlled entities. Equity investments are included in investments on the Consolidated Balance Sheets. The proportionate share of income or loss is included in equity in earnings of unconsolidated affiliates in the Consolidated Statements of Income.

Fair value is determined using a valuation hierarchy (discussed in Note 3, "Fair Value of Assets and Liabilities,") generally by reference to an active trading market, using quoted closing or bid prices as of each reporting period end. When a readily ascertainable market value does not exist for an investment, the fair value is calculated based on the expected cash flows of its underlying net asset base, taking into account applicable discount rates and other factors. Judgment is used to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.

The company evaluates the carrying value of investments for impairment on a quarterly basis. In its impairment analysis, the company takes into consideration numerous criteria, including the duration and extent of any decline in fair value, the intent and ability of the company to hold the security for a period of time sufficient for a recovery in value, recent events specific to the issuer or industry and external credit ratings and recent downgrades with respect to issuers of debt securities held. If the decline in value is determined to be other-than-temporary, the carrying value of the security is generally written down to fair value through the income statement. If the fair value of a debt security, however, is less than its amortized cost, the decline in value is determined to be other-than-temporary, and the company intends to sell the debt security or it is more likely than not that the company will be required to sell the debt security before the recovery of its amortized cost basis, the entire difference between the investment's amortized cost basis and its fair value is recognized as an other-than-temporary impairment through the income statement. If the company does not intend to sell the debt security, and it is not more likely than not that the company will be required to sell the debt security before recovery of its amortized cost basis, then the other-than-temporary impairment is separated into two components: a) the amount representing the credit loss, which is recorded as a charge to the income statement, and b) the amount related to all other factors, which is recognized in other comprehensive income, net of tax.

#### Assets Held for Policyholders and Policyholder Payables

One of the company's subsidiaries, Invesco Perpetual Life Limited, is an insurance entity that was established to facilitate retirement savings plans in the U.K. The entity holds assets that are managed for its clients on its balance sheet with an equal and offsetting liability to the policyholders, which is linked to the value of the investments. The investments are legally segregated and are generally not subject to claims that arise from any of the company's other businesses. Investments and policyholder payables held by this business meet the definition of financial instruments and are carried in the Consolidated Balance Sheets as separate account assets and liabilities at fair value in accordance with ASC Topic 944, "Financial Services - Insurance." Changes in fair value are recorded and offset to zero in the Consolidated Statements of Income in other operating revenues. Management fees earned from policyholder investments are accounted for as described in the company's revenue recognition accounting policy.

#### Security Deposit Assets and Receivables and Security Deposits Payable

As a result of Invesco's 2010 acquisition of the Asia fund and asset management business of AIG Global Real Estate Investment Corp. (AIG Asia Real Estate), Invesco is an asset manager of property portfolios, whereby the company provides services such

as leasing management, building management, building maintenance and administration activities. In order to carry out such activities, Invesco is a party to master lease agreements with the property owners and is a party to sublease agreements with the tenants of the properties. Under these agreements, Invesco collects the security deposits and rent and remits the amounts, with no mark-up, to the property owners. The security deposits remitted to the property owners and the security deposits payable to the tenants are presented in the Consolidated Balance Sheet at December 31, 2011, as security deposit assets and security deposits payable, respectively. Included in security deposit assets is \$2.1 million (December 31, 2010: \$41.1 million) receivable from affiliated funds, which earns interest at TIBOR plus 0.1% (December 31, 2010: 0.1%).

#### Deferred Sales Commissions

Mutual fund shares sold without a sales commission at the time of purchase are commonly referred to as "B shares." B shares typically have an asset-based fee (12b-1 fee) that is charged to the fund over a period of years and a contingent deferred sales charge (CDSC). The CDSC is an asset-based fee that is charged to investors that redeem B shares during a stated period. Commissions paid at the date of sale to brokers and dealers for sales of mutual funds that have a CDSC are capitalized and amortized over a period not to exceed the redemption period of the related fund (generally up to six years). The deferred sales commission asset is reviewed periodically for impairment by reviewing the recoverability of the asset based on estimated future fees to be collected.

#### Property, Equipment and Depreciation

Property and equipment includes owned property, leasehold improvements, computer hardware/software and other equipment and is stated at cost less accumulated depreciation or amortization and any previously recorded impairment in value. Expenditures for major additions and improvements are capitalized; minor replacements, maintenance and repairs are charged to expense as incurred. Amounts incurred are presented as work-in-progress until the construction or purchase of the property and equipment is substantially complete and ready for its intended use, which, at that point, will begin to be depreciated or amortized. Depreciation is provided on property and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life: owned buildings over 50 years, leasehold improvements over the shorter of the lease term or useful life of the improvement; and computers and other various equipment between three and seven years. Purchased and internally developed software is capitalized where the related costs can be measured reliably, and it is probable that the asset will generate future economic benefits, and amortized into operating expenses on a straight-line basis over its useful life, usually five years. The company capitalizes qualified internal and external costs incurred during the application development stage for internally developed software in accordance with ASC Topic 350-40, "Intangibles - Goodwill and Other - Internal-Use Software." The company reevaluates the useful life determination for property and equipment each reporting period to determine whether events and circumstances warrant a revision to the remaining useful life. On sale or retirement, the asset cost and related accumulated depreciation are removed from the financial statements and any related gain or loss is reflected in income.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. At each reporting date, an assessment is made for any indication of impairment. If an indication of impairment exists, recoverability is tested by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset. If those net undiscounted cash flows do not exceed the carrying amount (i.e. the asset is not recoverable), the next step would be performed, which is to determine the fair value of the asset and record an impairment charge, if any.

#### Intangible Assets

Intangible assets identified on the acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition (transaction date) and, if they are determined to be finite-lived, are amortized and recorded as operating expenses on a straight-line basis over their useful lives, from two to 12 years, which reflects the pattern in which the economic benefits are realized. Intangible assets consist primarily of mutual fund and other client management contracts, customer relationships, distribution agreements and trade names. The company considers its own assumptions, which require management's judgment, about renewal or extension of the term of the arrangement, consistent with its expected use of the asset. A change in the useful life of an intangible asset could have a significant impact on the company's amortization expense.

Where evidence exists that the underlying arrangements have a high likelihood of continued renewal at little or no cost to the company, the intangible asset is assigned an indefinite life and reviewed for impairment on an annual basis. The company reevaluates the useful life determination for intangible assets each reporting period to determine whether events and circumstances warrant a revision to the remaining useful life or an indication of impairment. Management contracts that are managed and operated on a single operating platform are reviewed in aggregate as one unit of valuation and are considered interchangeable because investors



may freely transfer between funds. Similarly, cash flows generated by new funds added to the operating platform are included when determining the fair value of the intangible asset.

Definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable (i.e. the carrying amount exceeds the sum of the fair value of the intangible). In addition, management judgment is required to estimate the period over which definite-lived intangible assets will contribute to the company's cash flows and the pattern in which these assets will be consumed. Intangible assets not subject to amortization are tested for impairment annually as of October 1 or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of an intangible asset with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Fair value is generally determined using an income approach where estimated future cash flows are discounted to arrive at a single present value amount.

### Goodwill

Goodwill represents the excess of cost over the identifiable net assets of businesses acquired and is recorded in the functional currency of the acquired entity. Goodwill is recognized as an asset and is reviewed for impairment annually as of 30 1 and between annual tests when events and circumstances indicate that impairment may have occurred. The company has determined that it has one reporting unit for goodwill impairment testing purposes, the consolidated Invesco Ltd. single operating segment level, which is the level at which internal reporting is generated that reflects the way that the company manages its operations and to which goodwill is naturally associated. The company evaluated the components of its business, which are business units one level below the operating segment level, and has determined that it has one reporting unit for purposes of goodwill impairment testing. The company's components include Invesco Institutional, Invesco North American Retail, Invesco Perpetual, Invesco Continental Europe and Invesco Asia Pacific. The company's operating segment represents one reporting unit because all of the components are similar due to the common nature of products and services offered, type of clients, methods of distribution, manner in which each component is operated, extent to which they share assets and resources, and the extent to which they support and benefit from common product development efforts. Traditional profit and loss measures are not produced and therefore not reviewed by component management for any of the components. Furthermore, the financial information that is available by component is not sufficient for purposes of performing a discounted cash flow analysis at the component level in order to test goodwill for impairment at that level. As none of the company's components are reporting units, the company has determined that its single operating segment, investment management, is also its single reporting unit.

The impairment test for goodwill consists of a two-step approach, which is performed at the reporting unit level. If the carrying amount of the reporting unit exceeds its fair value (the first step of the goodwill impairment test), then the second step is performed to determine if goodwill is impaired and to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of goodwill with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to that excess.

The principal method of determining fair value of the reporting unit is an income approach where estimated future cash flows are discounted to arrive at a single present value amount. The discount rate used is derived based on the time value of money and the risk profile of the stream of future cash flows. Recent results and projections based on expectations regarding revenue, expenses, capital expenditure and acquisition earn out payments produce a present value for the reporting unit. The present value produced for the reporting unit is the fair value of the reporting unit. This amount is reconciled to the company's market capitalization to determine an implied control premium, which is compared to an analysis of historical control premiums experienced by peer companies over a long period of time to assess the reasonableness of the fair value of the reporting unit.

The company also utilizes a market approach to provide a secondary and corroborative fair value of the reporting unit by using comparable company and transaction multiples to estimate values for our single reporting unit. Discretion and judgment is required in determining whether the transaction data available represents information for companies of comparable nature, scope and size. The results of the secondary market approach to provide a fair value estimate are not combined or weighted with the results of the income approach described above but are used to provide an additional basis to determine the reasonableness of the income approach fair value estimate.

#### Debt and Financing Costs

Debt issuance costs are recognized as a deferred asset under ASC Topic 835, "Interest." After initial recognition, debt issuance costs are measured at amortized cost. Finance charges and debt issuance costs are amortized over the term of the debt using the effective interest method. Interest charges are recognized in the Consolidated Statement of Income in the period in which they are incurred.

## Treasury Shares

Treasury shares are valued at cost and are included as deductions from equity on the settlement date.

## Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, value added tax and other sales-related taxes. Revenue is recognized when there is persuasive evidence of an arrangement, delivery has occurred or services have been provided, collectibility is reasonably assured and the revenue can be reliably measured. Revenue represents management, service and distribution, performance and other fees. Revenue is generally accrued over the period for which the service is provided.

Investment management fees are derived from providing professional services to manage client accounts and include fees earned from retail mutual funds, unit trusts, investment companies with variable capital (ICVCs), exchange-traded funds, investment trusts and institutional and private wealth management advisory contracts. Investment management fees for products offered in the retail distribution channel are generally calculated as a percentage of the daily average asset balances and therefore vary as the levels of AUM change resulting from inflows, outflows and market movements. Investment management fees for products offered in the institutional and private wealth management distribution channels are calculated in accordance with the underlying investment management contracts and also vary in relation to the level of client assets managed.

Service fees are generated through fees charged to cover several types of expenses, including fund accounting fees and other maintenance costs for mutual funds, unit trusts and ICVCs, and administrative fees earned from closed-ended funds. Service fees also include transfer agent fees, which are fees charged to cover the expense of processing client share purchases and redemptions, call center support and client reporting. U.S. distribution fees can include 12b-1 fees earned from certain mutual funds to cover allowable sales and marketing expenses for those funds and also include asset-based sales charges paid by certain mutual funds for a period of time after the sale of those funds. Distribution fees typically vary in relation to the amount of client assets managed. Generally, retail products offered outside of the U.S. do not generate a separate distribution fee, as the quoted management fee rate is inclusive of these services.

Performance fee revenues are generated on certain management contracts when performance hurdles are achieved. Such fee revenues are recorded in operating revenues as of the performance measurement date, when the contractual performance criteria have been met and when the outcome of the transaction can be measured reliably in accordance with Method 1 of ASC Topic 605-20-S99, "Revenue Recognition - Services - SEC Materials." Cash receipt of earned performance fees occurs after the measurement date. The performance measurement date is defined in each contract in which incentive and performance fee revenue agreements are in effect, and therefore we have performance fee arrangements that include monthly, quarterly and annual measurement dates. Given the uniqueness of each transaction, performance fee contracts are evaluated on an individual basis to determine if revenues can and should be recognized. Performance fees are not recorded if there are any future performance contingencies. If performance arrangements require repayment of the performance fee for failure to perform during the contractual period, then performance fee revenues are recognized no earlier than the expiration date of these terms. Performance fees will fluctuate from period to period and may not correlate with general market changes, since most of the fees are driven by relative performance to the respective benchmark rather than by absolute performance.

Other revenues include fees derived primarily from transaction commissions earned upon the sale of new investments into certain of our funds and fees earned upon the completion of transactions in our real estate and private equity asset groups. Real estate transaction fees are derived from commissions earned through the buying and selling of properties. Private equity transaction fees include commissions associated with the restructuring of, and fees from providing

advice to, portfolio companies held by the funds. These transaction fees are recorded in the Consolidated Financial Statements on the date when the transactions are legally closed. The company is the sponsor of UITs. In its capacity as sponsor of UITs, the company earns other revenues related to transactional sales charges resulting from the sale of UIT products and from the difference between the purchase or bid and offer price of securities temporarily held to form new UIT products. These revenues are recorded as other revenues net of concessions to dealers who distribute UITs to investors. Other revenues also include the revenues of consolidated investment products.

Distribution, service and advisory fees that are passed through to external parties are presented separately as expenses in accordance with ASC Topic 605-45, "Revenue Recognition - Principal Agent Considerations." Third-party distribution, service and advisory expenses include periodic "renewal" commissions paid to brokers and independent financial advisors for their continuing oversight of their clients' assets, over the time they are invested, and are payments for the servicing of client accounts. Renewal commissions are calculated based upon a percentage of the AUM value and apply to much of the company's non-U.S. retail operations, where they can also take the form of management fee rebates. As discussed above, the revenues from our U.S. retail operations include 12b-1 distribution fees, which are passed through to brokers who sell the funds as third-party distribution

expenses. Both the revenues and the costs are dependent on the underlying AUM of the brokers' clients. Third-party distribution expenses also include the amortization of upfront commissions paid to broker-dealers for sales of fund shares with a contingent deferred sales charge (a charge levied to the investor for client redemption of AUM within a certain contracted period of time). The distribution commissions are amortized over the redemption period. Also included in third-party distribution, service and advisory expenses are sub-transfer agency fees that are paid to third parties for processing client share purchases and redemptions, call center support and client reporting. These costs are reimbursed by the related funds. Third-party distribution, service and advisory expenses may increase or decrease at a rate different from the rate of change in service and distribution fee revenues due to the inclusion of distribution, service and advisory expenses for the U.K. and Canada, where the related revenues are recorded as investment management fee revenues, as noted above.

Interest income is accrued on interest-bearing assets.

Dividend income from investments is recognized on the ex-dividend date.

#### Share-Based Compensation

The company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. The fair value determined at the grant date is expensed, based on the company's estimate of shares that will eventually vest, on a straight-line or accelerated basis over the vesting period. The initial forfeiture rate applied to most grants is 5% per year, based upon the company's historical experience with respect to employee turnover. Fair value for the share awards representing equity interests identical to those associated with shares traded in the open market is determined using the market price at the date of grant. Fair value is measured by use of the Black Scholes valuation model for certain share awards that do not include dividend rights.

#### Deferred Compensation

The company issues deferred cash awards to certain employees which are linked in value to investment products. The employees may earn a return linked to the appreciation or depreciation of specified investments, typically the funds they manage. The company intends to hedge economically the exposure to market movements by holding the investments on its balance sheet. The company recognizes as compensation expense the value of the liability to employees, including the appreciation or depreciation of the liability, over the award's vesting period in proportion to the vested amount of the award. The company immediately recognizes the full value of the related investment, and any subsequent appreciation or depreciation of the investment, below operating income in other gains and losses.

#### Pensions

For defined contribution plans, contributions payable related to the accounting period are charged to the income statement. For defined benefit plans, the cost of providing benefits is separately determined for each plan using the projected unit credit method, based on actuarial valuations performed at each balance sheet date. The company's annual measurement date is December 31. A portion of actuarial gains and losses is recognized through the income statement if the net cumulative unrecognized actuarial gain or loss at the end of the prior period exceeds the greater of 10.0% of the present value of the defined benefit obligation (before deducting plan assets) at that date and 10.0% of the fair value of any plan assets. Prior service costs are recognized over the remaining service periods of active employees.

#### Advertising Costs

The company expenses the cost of all advertising and promotional activities as incurred. The company incurred advertising costs of \$19.8 million for the year ended December 31, 2011 (December 31, 2010: \$17.9 million; December 31, 2009: \$21.0 million). These amounts are included in marketing expenses in the Consolidated Statements of Income.

#### Leases

The company complies with lease accounting in accordance with ASC Topic 840, "Leases." Under operating leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, rental payments, as well as any step rent provisions specified in lease agreements, are aggregated and charged evenly to expense over the lease term beginning on the date of initial possession or the effective date of the lease agreement. Maintenance, utility, and tax costs included in lease agreements are expensed in the period incurred. Rental payments dependent upon an existing index or rate are included in the minimum lease payments based on the index or rate in effect at the inception of the lease and are recognized on a straight-line basis over the minimum lease term. Changes in rental payments that result from subsequent changes in the index or rate are expensed in the period incurred.

Capital improvement funding and other lease concessions provided by the landlord are recorded as a deferred liability and are amortized evenly over the lease term as a reduction of rental expense.

The company accounts for lease termination costs in accordance with ASC Topic 420, "Exit or Disposal Cost Obligations," which requires that (1) a liability for costs to terminate a contract before the end of its term shall be recognized at the time termination occurs and measured at fair value and (2) a liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the company be recognized and measured at its fair value when the company ceases to use the right conveyed by the contract, net of estimated sublease rentals that could reasonably be obtained even if the company does not anticipate entering into any subleasing arrangements.

#### Taxation

Income taxes are provided for in accordance with ASC Topic 740, "Income Taxes" (ASC Topic 740). Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and the reported amounts in the Consolidated Financial Statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets to the amount that is more likely than not to be realized. The company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

#### Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of shares outstanding during the periods, excluding treasury shares. Diluted earnings per share is computed using the treasury stock method, which requires computing share equivalents and dividing net income attributable to common shareholders by the total weighted average number of shares and share equivalents outstanding during the period.

#### Comprehensive Income

The company's other comprehensive income/(loss) consists of changes in unrealized gains and losses on investment securities classified as available-for-sale, the company's share of other comprehensive income of equity method investments, reclassification adjustments for realized gains/(losses) on those investment securities classified as available-for-sale, foreign currency translation adjustments and employee benefit plan liability adjustments. Such amounts are recorded net of applicable taxes.

#### Dividends to Shareholders

Dividends to shareholders are recognized on the declaration date. Dividends are declared and paid on a quarterly basis.

#### Translation of Foreign Currencies

Transactions in foreign currencies (currencies other than the functional currencies of the company's subsidiaries) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are remeasured into the functional currencies of the

company's subsidiaries at the rates prevailing at the balance sheet date. Gains and losses arising on revaluation are included in the income statement.

The company's reporting currency and the functional currency of the Parent is U.S. dollars. On consolidation, the assets and liabilities of company subsidiary operations whose functional currencies are currencies other than the U.S. dollar ("foreign" operations) are translated at the rates of exchange prevailing at the balance sheet date. Income statement figures are translated at the weighted average rates for the year, which approximate actual exchange rates. Exchange differences arising on the translation of the net assets of foreign operations are taken directly to accumulated other comprehensive income in equity until the disposal of the net investment, at which time they are recognized in the income statement. Goodwill and other fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at rates of exchange prevailing at the balance sheet date.

The company does not utilize derivative financial instruments to provide a hedge against interest rate or foreign exchange exposures except in the management of its offshore fund operations, where foreign currency forward and swap contracts are purchased daily to hedge against foreign exchange rate movements during the four-day client money settlement period. Certain



consolidated investment products may also utilize such instruments. See Note 20, "Consolidated Investment Products," for additional information.

#### Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements

In June 2009, the FASB issued additional guidance now encompassed in ASC Topic 810 which amended certain provisions for determining whether an entity is a VIE; it requires a qualitative rather than a quantitative analysis to determine whether the company is the primary beneficiary of a VIE; it amended the consideration of related party relationships in the determination of the primary beneficiary of a VIE by providing an exception regarding de facto agency relationships in certain circumstances; it requires continuous assessments of whether the company is a VIE's primary beneficiary; and it requires enhanced disclosures about the company's involvement with VIEs. In February 2010 the FASB issued ASU 2010-10, a deferral of the effective date of this additional guidance for a reporting entity's interests in certain investment funds which have attributes of investment companies, for which the reporting entity does not have an obligation to fund losses, and which are not structured as securitization entities. In addition, the deferral applies to a reporting entity's interest in money market fund-type products. The company has determined that all of its managed funds with the exception of certain collateralized loan obligation products (CLOs) qualify for the deferral.

The adoption of the additional guidance now encompassed in ASC Topic 810, which was effective January 1, 2010, had a significant impact on the presentation of the company's financial statements, as its provisions required the company to consolidate certain CLOs that were not previously consolidated. The cumulative effect adjustment upon adoption at January 1, 2010 resulted in an appropriation of retained earnings and a reclassification of other comprehensive income into retained earnings of \$274.3 million and \$5.2 million, respectively. Prior to the adoption of this guidance, the company accounted for its investments in these CLOs as available-for-sale investments, with changes in the value of the company's interests being recorded through other comprehensive income.

Upon consolidation of the CLOs, the company's and the CLOs' accounting policies were effectively aligned, resulting in the reclassification of the company's gain or loss (representing the changes in the market value of the company's holding in the consolidated CLOs) from other comprehensive income into other gains/losses. The company's gain on its investment in the CLOs (before consolidation) eliminates with the company's share of the offsetting loss on the CLOs' debt. The net income/loss impact during the period of consolidation of these CLOs is therefore completely attributed to other investors in these CLOs, as the company's share has been eliminated through consolidation. The Consolidated Balance Sheets reflects the consolidation of assets held and debt issued by these CLOs, despite the fact that the assets cannot be used by the company, nor is the company obligated for the debt. Retained earnings appropriated for investors of consolidated investment products is presented as part of the company's total equity and reflects the excess of the consolidated CLOs' assets over their liabilities, attributable to noncontrolling third-party investors in consolidated CLOs. In addition, the company's Consolidated Cash Flow Statement for the period reflects the cash flows of these CLOs. In accordance with the standard, periods prior to January 1, 2010 have not been restated to reflect the consolidation of these CLOs.

Upon adoption of this additional guidance now encompassed in ASC Topic 810, the assets and liabilities of the consolidated CLOs were measured at fair value, as the determination of the carrying amounts was not practicable. The company has elected the fair value option under ASC Topic 825-10-25 to measure the assets and liabilities of all consolidated CLOs at fair value subsequent to the date of initial adoption of this additional guidance, as the company has determined that measurement of the notes issued by consolidated CLOs at fair value better correlates with the value of the assets held by consolidated CLOs, which are held to provide the cash flows for the note obligations. See Note 20, "Consolidated Investment Products," for a consolidating balance sheet at December 31, 2011.

In January 2010, the FASB issued Accounting Standards Update 2010-06, "Improving Disclosures about Fair Value Measurements" (ASU 2010-06). ASU 2010-06 amends Topic 820 to require a number of additional disclosures regarding fair value measurements. Specifically, ASU 2010-06 requires entities to disclose: (1) the amount of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers; (2) the reasons for any transfers in or out of Level 3; and (3) information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis. ASU 2010-06 also clarifies existing fair value disclosures about the appropriate level of disaggregation and about inputs and valuation techniques for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The additional disclosure requirements with respect to rollforward activity did not have a significant impact on the company's disclosures in Note 3, "Fair Value of Assets and Liabilities," and Note 20, "Consolidated Investment Products."

In May 2011, the FASB issued Accounting Standards Update 2011-04, "Fair Value Measurements: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements" (ASU 2011-04). ASU 2011-04 amends Topic 820 to clarify existing fair value measurement disclosures to (1) specifically provide quantitative information about the significant unobservable inputs used for all level 3 measurements and (2) disclose any transfers between levels 1 and 2 of the fair value hierarchy, not just significant transfers. ASU 2011-04 also requires a number of additional disclosures regarding fair value measurements. Specifically, ASU 2011-04 requires entities to disclose: (1) a qualitative discussion about the sensitivity of recurring level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs; (2) a description of the company's valuation processes surrounding level 3 measurements; (3) information about when the current use of a non-financial asset measured at fair value differs from its highest and best use; and (4) the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. ASU 2011-04 amends Topic 820 to change the fair value measurement of financial instruments and the application of premiums and discounts in a fair value measurement. ASU 2011-04 also clarifies existing fair value measurement regarding the concepts of valuation premise, the application of the highest and best use, and the fair value measurement of an instrument classified in an entity's shareholders' equity. The adoption of ASU 2011-04 is not expected to have an effect on the company's current fair value measurements but is expected to have a significant impact on the company's disclosures related to the assets and liabilities of its consolidated investment products that are classified as level 3 assets within the fair value hierarchy. The amendments to Topic 820 made by ASU 2011-04 are effective for interim and annual periods beginning on or after December 15, 2011. As such, these disclosure changes will be required in the company's Form 10-Q for the three months ended March 31, 2012.

In September 2011, the FASB issued Accounting Standards Update 2011-08, "Intangibles-Goodwill and Other: Testing Goodwill for Impairment" (ASU 2011-08). ASU 2011-08 amends Topic 350 on testing for goodwill impairment. Specifically, ASU 2011-08 permits an entity the option to first qualitatively assess whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If an entity concludes that this is the case, it would be required to calculate the fair value of the reporting unit under step one of the goodwill impairment test; otherwise, no further testing is required. An entity may bypass the qualitative assessment in any period and proceed directly to step one of the goodwill impairment test, and may resume performing the qualitative assessment in any subsequent period. The amendments made by ASU 2011-08 are effective for interim and annual periods beginning on or after December 15, 2011.

## 2. BUSINESS COMBINATION AND INTEGRATION

On June 1, 2010, Invesco acquired from Morgan Stanley its retail asset management business, including Van Kampen Investments (the "acquired business" or the "acquisition"), in exchange for an aggregate of 30.9 million shares of common stock and participating preferred stock on an as converted (which converted in November 2010) basis, which had a total fair value of \$567.8 million, and \$770.0 million in cash. The share issuance portion of the acquisition consideration represents a non-cash financing activity related to the statement of cash flows. Also during 2010, the company acquired Concord Capital and AIG Asia Real Estate.

During the year ended December 31, 2011, the company incurred \$29.4 million (2010: \$150.0 million) of transaction and integration costs (\$18.2 million and \$103.1 million net of taxation, respectively). Transaction and integration costs include charges related to prior acquisitions and do not represent ongoing costs of the fully integrated combined organization. They include legal, regulatory, advisory, valuation, integration-related employee incentive awards and other professional or consulting fees, general and administrative costs, including travel costs related to the transaction and the costs of temporary staff involved in executing the transaction, and post-closing costs of integrating the acquired business into the company's existing operations including incremental costs associated with achieving synergy savings. Additionally, transaction and integration expenses include legal costs related to the defense of auction rate preferred securities complaints raised in the pre-acquisition period with respect to various closed-end

funds included in the acquisition obtained as part of the acquired business. See Note 19, “Commitments and Contingencies” for additional information. The following table presents acquisition-related and integration-related charges incurred during the period.

| \$ in millions                            | For the year ended December 31, |       |
|-------------------------------------------|---------------------------------|-------|
|                                           | 2011                            | 2010  |
| Acquisition-related charges               | —                               | 5.7   |
| Integration-related charges:              |                                 |       |
| Staff costs                               | 2.8                             | 39.1  |
| Technology, contractor and related costs  | 11.0                            | 53.4  |
| Professional services                     | 15.6                            | 51.8  |
| Total integration-related charges         | 29.4                            | 144.3 |
| Total transaction and integration charges | 29.4                            | 150.0 |

### 3. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying value and fair value of financial instruments is presented in the below summary table. The fair value of financial instruments held by consolidated investment products is presented in Note 20, "Consolidated Investment Products."

| \$ in millions                                | Footnote Reference | December 31, 2011 |            | December 31, 2010 |            |
|-----------------------------------------------|--------------------|-------------------|------------|-------------------|------------|
|                                               |                    | Carrying Value    | Fair Value | Carrying Value    | Fair Value |
| Cash and cash equivalents                     |                    | 727.4             | 727.4      | 740.5             | 740.5      |
| Available for sale investments                | 4                  | 63.5              | 63.5       | 100.0             | 100.0      |
| Assets held for policyholders                 |                    | 1,243.5           | 1,243.5    | 1,295.4           | 1,295.4    |
| Trading investments                           | 4                  | 187.5             | 187.5      | 180.6             | 180.6      |
| Foreign time deposits*                        | 4                  | 32.2              | 32.2       | 28.2              | 28.2       |
| Support agreements*                           | 19,20              | (1.0)             | (1.0)      | (2.0)             | (2.0)      |
| Policyholder payables                         |                    | (1,243.5)         | (1,243.5)  | (1,295.4)         | (1,295.4)  |
| Financial instruments sold, not yet purchased |                    | (1.0)             | (1.0)      | (0.7)             | (0.7)      |
| Derivative liabilities                        |                    | —                 | —          | (0.1)             | (0.1)      |
| Note Payable                                  |                    | (16.8)            | (16.8)     | (18.9)            | (18.9)     |
| Total debt*                                   | 9                  | (1,284.7)         | (1,307.5)  | (1,315.7)         | (1,339.3)  |

These financial instruments are not measured at fair value on a recurring basis. See the indicated footnotes for \*additional information about the carrying and fair values of these financial instruments. Foreign time deposits are measured at cost plus accrued interest, which approximates fair value.

A three-level valuation hierarchy exists for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

There are three types of valuation approaches: a market approach, which uses observable prices and other relevant information that is generated by market transactions involving identical or comparable assets or liabilities; an income approach, which uses valuation techniques to convert future amounts to a single, discounted present value amount; and a cost approach, which is based on the amount that currently would be required to replace the service capacity of an asset.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### Cash equivalents

Cash equivalents include cash investments in money market funds and time deposits. Cash investments in money market funds are valued under the market approach through the use of quoted market prices in an active market, which is the net asset value of the underlying funds, and are classified within level 1 of the valuation hierarchy.

#### Available-for-sale investments

Available-for-sale investments include amounts seeded into affiliated investment products, and investments in affiliated CLOs. Seed money is valued under the market approach through the use of quoted market prices available in an active market and is

classified within level 1 of the valuation hierarchy; there is no modeling or additional information needed to arrive at the fair values of these investments. Seed money investments are investments held in Invesco managed funds with the purpose of providing capital to the funds during their development periods. CLOs are valued using an income approach through the use of certain observable and unobservable inputs. Due to current liquidity constraints within the market for CLO products that require the use of unobservable inputs, these investments are classified as level 3 within the valuation hierarchy.

#### Assets held for policyholders

Assets held for policyholders represent investments held by one of the company's subsidiaries, which is an insurance entity that was established to facilitate retirement savings plans in the U.K. The assets held for policyholders are accounted for at fair value pursuant to ASC Topic 944, "Financial Services - Insurance," and are comprised primarily of affiliated unitized funds. The assets are measured at fair value under the market approach based on the quoted prices of the underlying funds in an active market and are classified within level 1 of the valuation hierarchy. The policyholder payables are indexed to the value of the assets held for policyholders.

#### Trading investments

Trading investments include investments held to hedge economically against costs the company incurs in connection with certain deferred compensation plans in which the company participates, as well as trading and investing activities in equity and debt securities entered into in its capacity as sponsor of UITs.

#### Investments related to deferred compensation plans

Investments related to deferred compensation plans are primarily invested in affiliated funds that are held to hedge economically current and non-current deferred compensation liabilities. Investments related to deferred compensation plans are valued under the market approach through the use of quoted prices in an active market and are classified within level 1 of the valuation hierarchy.

#### Unit Investment Trust ("UIT")-related equity and debt securities

At December 31, 2011, UIT-related equity and debt securities consisted of investments in corporate stock, UITs, and U.S. state and political subdivision securities. Each is discussed more fully below.

#### Corporate stock

The company temporarily holds investments in corporate stock for purposes of creating a UIT. Corporate stocks are valued under the market approach through use of quoted prices on an exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized within level 1 of the valuation hierarchy; otherwise, they are categorized in level 2.

#### UITs

The company may hold units of its sponsored UITs at period-end for sale in the primary market or secondary market. Equity UITs are valued under the market approach through use of quoted prices on an exchange. Fixed income UITs are valued using recently executed transaction prices, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturities as the underlying bonds. If the spread data does not reference the issuers, then data that references comparable issuers is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default spreads, and recovery rates based on collateral value as key inputs. Depending on the nature of the inputs, these investments are categorized as level 1, 2, or 3.

#### Municipal securities

Municipal securities are valued using recently executed transaction prices, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturities as the

underlying bonds. If the spread data does not reference the issuers, then data that references comparable issuers is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default spreads, and recovery rates based on collateral value as key inputs. Depending on the nature of the inputs, these investments are categorized as level 1, 2, or 3.

UIT-related financial instruments sold, not yet purchased, and derivative instruments

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The company uses U.S. Treasury futures, which are types of derivative financial instruments, to hedge economically fixed income UIT inventory and securities in order to mitigate market risk. Open futures contracts are marked to market daily through earnings, which is recorded in the company's consolidated statement of income in other revenue, along with the mark-to-market on the underlying trading securities held. Fair values of derivative contracts in an asset position are included in other assets in the company's consolidated balance sheet. Fair values of derivative contracts in a liability position are included in other liabilities in the company's consolidated balance sheet. These derivative contracts are valued under the market approach through use of quoted prices in an active market and are classified within Level 1 of the valuation hierarchy. At December 31, 2011 there were 10 futures contracts with a notional value of \$1.3 million (December 31, 2010: 76 open futures contracts with a notional value of \$9.3 million). Additionally, to hedge economically the market risk associated with equity and debt securities and UITs temporarily held as trading investments, the company will hold short corporate stock, exchange-traded fund, or U.S. treasury security positions. These transactions are recorded as financial instruments sold, not yet purchased and are included in other liabilities in the company's consolidated balance sheet. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy; otherwise, they are categorized in Level 2.

#### Note payable

The note payable represents a payable linked to the aggregate amount of distributions proportional to Invesco's acquired ownership interest in two consolidated real estate funds. As the underlying investments in the funds are carried at fair value (and are disclosed as Level 3 assets in the fair value hierarchy table included in Note 20, "Consolidated Investment Products"), management elected the fair value option for the note payable in order to offset the fair value movements recognized from the funds and has recorded the note payable as a Level 3 liability. The fair value of the note payable represents its remaining principal balance adjusted for changes in equity of the funds that is attributable to the company's ownership interest in the funds.

The following table presents, for each of the hierarchy levels described above, the carrying value of the company's assets and liabilities, including major security type for equity and debt securities, which are measured at fair value on the face of the statement of financial position as of December 31, 2011.

| \$ in millions                                     | As of December 31, 2011 |                                                                |                                               |                                           |
|----------------------------------------------------|-------------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                                    | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Current assets:                                    |                         |                                                                |                                               |                                           |
| Cash equivalents:                                  |                         |                                                                |                                               |                                           |
| Money market funds                                 | 257.7                   | 257.7                                                          | —                                             | —                                         |
| Investments:*                                      |                         |                                                                |                                               |                                           |
| Available-for-sale:                                |                         |                                                                |                                               |                                           |
| Seed money                                         | 63.5                    | 63.5                                                           | —                                             | —                                         |
| Trading investments:                               |                         |                                                                |                                               |                                           |
| Investments related to deferred compensation plans | 184.4                   | 184.4                                                          | —                                             | —                                         |
| UIT-related equity and debt securities:            |                         |                                                                |                                               |                                           |
| Corporate stock                                    | 1.1                     | 1.1                                                            | —                                             | —                                         |
| UITs                                               | 0.9                     | 0.9                                                            | —                                             | —                                         |
| Municipal securities                               | 1.1                     | —                                                              | 1.1                                           | —                                         |
| Assets held for policyholders                      | 1,243.5                 | 1,243.5                                                        | —                                             | —                                         |
| Total assets at fair value                         | 1,752.2                 | 1,751.1                                                        | 1.1                                           | —                                         |
| Current liabilities:                               |                         |                                                                |                                               |                                           |

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|                                                            |          |   |          |   |   |       |   |
|------------------------------------------------------------|----------|---|----------|---|---|-------|---|
| Policyholder payables                                      | (1,243.5 | ) | (1,243.5 | ) | — | —     |   |
| UIT-related financial instruments sold, not yet purchased: |          |   |          |   |   |       |   |
| Corporate equities                                         | (1.0     | ) | (1.0     | ) | — | —     |   |
| Note payable                                               | (16.8    | ) | —        |   | — | (16.8 | ) |
| Total liabilities at fair value                            | (1,261.3 | ) | (1,244.5 | ) | — | (16.8 | ) |

Current foreign time deposits of \$32.2 million and other current investments of \$0.5 million are excluded from this table. Other non-current equity and cost method investments of \$193.1 million and \$7.7 million, respectively, are also excluded from this table. These investments are not measured at fair value, in accordance with applicable accounting standards.

The following table presents, for each of the hierarchy levels described above, the carrying value of the company's assets and liabilities that are measured at fair value as of December 31, 2010:

| \$ in millions                                             | As of December 31, 2010 |                                                                |                                               |                                           |
|------------------------------------------------------------|-------------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                                            | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Current assets:                                            |                         |                                                                |                                               |                                           |
| Cash equivalents:                                          |                         |                                                                |                                               |                                           |
| Money market funds                                         | 316.4                   | 316.4                                                          | —                                             | —                                         |
| Investments*:                                              |                         |                                                                |                                               |                                           |
| Available-for-sale:                                        |                         |                                                                |                                               |                                           |
| Seed money                                                 | 99.5                    | 99.5                                                           | —                                             | —                                         |
| Trading investments:                                       |                         |                                                                |                                               |                                           |
| Investments related to deferred compensation plans         | 165.5                   | 165.5                                                          | —                                             | —                                         |
| UIT-related equity and debt securities:                    |                         |                                                                |                                               |                                           |
| Corporate stock                                            | 1.2                     | 1.2                                                            | —                                             | —                                         |
| UITs                                                       | 4.0                     | 4.0                                                            | —                                             | —                                         |
| Municipal securities                                       | 9.9                     | —                                                              | 9.9                                           | —                                         |
| Assets held for policyholders                              | 1,295.4                 | 1,295.4                                                        | —                                             | —                                         |
| Total current assets                                       | 1,891.9                 | 1,882.0                                                        | 9.9                                           | —                                         |
| Non-current assets:                                        |                         |                                                                |                                               |                                           |
| Investments - available-for-sale*:                         |                         |                                                                |                                               |                                           |
| CLOs                                                       | 0.5                     | —                                                              | —                                             | 0.5                                       |
| Total assets at fair value                                 | 1,892.4                 | 1,882.0                                                        | 9.9                                           | 0.5                                       |
| Current liabilities:                                       |                         |                                                                |                                               |                                           |
| Policyholder payables                                      | (1,295.4 )              | (1,295.4 )                                                     | —                                             | —                                         |
| UIT-related financial instruments sold, not yet purchased: |                         |                                                                |                                               |                                           |
| Corporate equities                                         | (0.7 )                  | (0.7 )                                                         | —                                             | —                                         |
| UIT-related derivative liabilities                         | (0.1 )                  | (0.1 )                                                         | —                                             | —                                         |
| Non-current liabilities:                                   |                         |                                                                |                                               |                                           |
| Note payable                                               | (18.9 )                 | —                                                              | —                                             | (18.9 )                                   |
| Total liabilities at fair value                            | (1,315.1 )              | (1,296.2 )                                                     | —                                             | (18.9 )                                   |

Current foreign time deposits of \$28.2 million and other current investments of \$0.5 million are excluded from this table. Other non-current equity and cost method investments of \$156.9 million and \$7.0 million, respectively, are also excluded from this table. These investments are not measured at fair value, in accordance with applicable accounting standards.

The following table shows a reconciliation of the beginning and ending fair value measurements for level 3 assets and liabilities during the year ending December 31, 2011 and December 31, 2010, which are valued using significant unobservable inputs:

|                                                                                             | For the year ended December 31,<br>2011 |              | For the year<br>ended December<br>31, 2010 |
|---------------------------------------------------------------------------------------------|-----------------------------------------|--------------|--------------------------------------------|
| \$ in millions                                                                              | CLO Investment                          | Note Payable | CLO Investment                             |
| Beginning balance                                                                           | 0.5                                     | (18.9        | ) 17.9                                     |
| Adoption of guidance now encompassed in ASC Topic 810*                                      | —                                       | —            | (17.4 )                                    |
| Beginning balance, as adjusted                                                              | 0.5                                     | (18.9        | ) 0.5                                      |
| Net unrealized gains and losses included in accumulated other comprehensive income/(loss)** | —                                       | —            | 0.1                                        |
| Foreign exchange movements included in other expenses                                       | —                                       | (0.8         | ) —                                        |
| Purchases, sales, issuances, and settlements, net***                                        | (0.5                                    | ) 2.9        | (0.1 )                                     |
| Ending balance                                                                              | —                                       | (16.8        | ) 0.5                                      |

The company adopted guidance now encompassed in ASC Topic 810 on January 1, 2010, resulting in the consolidation of CLOs for which the company has an underlying investment of \$50.4 million at December 31, 2011 \* (before consolidation). The adjustment of \$17.4 million in the table above reflects the elimination of the company's equity interest upon adoption. In accordance with the standard, prior periods have not been restated to reflect the consolidation of these CLOs.

There were no net unrealized gains and losses included in accumulated other comprehensive income/(loss) for the \*\* year ended December 31, 2011 as assets was sold in the year ended December 31, 2011 (year ended December 31, 2010: \$0.1 million attributed to the change in unrealized gains and losses related to assets still held at December 31, 2010).

Prior to the adoption of guidance included in ASU 2010-06, discussed in Note 1, "Accounting Policies," purchases, sales, issuances, and settlements were presented net. For the year ended December 31, 2011 there was \$0.1 million \*\*\* of return of capital and a sale of \$0.4 million related to the CLO investment (year ended December 31, 2010: \$0.1 million return of capital activity). For the year ended December 31, 2011, there was \$2.9 million in settlement activity related to the note payable.

#### 4. INVESTMENTS

The disclosures below include details of the company's investments. Investments held by consolidated investment products are detailed in Note 20, "Consolidated Investment Products."

##### Current Investments

| \$ in millions                  | As of<br>December 31,<br>2011 | December 31,<br>2010 |
|---------------------------------|-------------------------------|----------------------|
| Available-for-sale investments: |                               |                      |
| Seed money                      | 63.5                          | 99.5                 |

Trading investments:

|                                                    |       |       |
|----------------------------------------------------|-------|-------|
| Investments related to deferred compensation plans | 184.4 | 165.5 |
| UIT-related equity and debt securities             | 3.1   | 15.1  |
| Foreign time deposits                              | 32.2  | 28.2  |
| Other                                              | 0.5   | 0.5   |
| Total current investments                          | 283.7 | 308.8 |

## Non-current Investments

|                                 | As of<br>December 31,<br>2011 | December 31,<br>2010 |
|---------------------------------|-------------------------------|----------------------|
| \$ in millions                  |                               |                      |
| Available-for-sale investments: |                               |                      |
| CLOs                            | —                             | 0.5                  |
| Equity method investments       | 193.1                         | 156.9                |
| Other                           | 7.7                           | 7.0                  |
| Total non-current investments   | 200.8                         | 164.4                |

The portion of trading gains and losses for the year ended December 31, 2011, that relates to trading securities still held at December 31, 2011, was a \$3.3 million net loss (December 31, 2010: a \$8.6 million net gain).

Realized gains and losses recognized in the income statement during the year from investments classified as available-for-sale are as follows:

|                                            | 2011                      |                            |                             | 2010                      |                            |                             | 2009                      |                            |                             |
|--------------------------------------------|---------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|
| \$ in millions                             | Proceeds<br>from<br>Sales | Gross<br>Realized<br>Gains | Gross<br>Realized<br>Losses | Proceeds<br>from<br>Sales | Gross<br>Realized<br>Gains | Gross<br>Realized<br>Losses | Proceeds<br>from<br>Sales | Gross<br>Realized<br>Gains | Gross<br>Realized<br>Losses |
| Current available-for-sale investments     | 59.3                      | 8.8                        | (1.2 )                      | 64.5                      | 9.9                        | (1.3 )                      | 47.5                      | 4.5                        | (1.6 )                      |
| Non-current available-for-sale investments | 0.9                       | 0.6                        | —                           | 0.2                       | —                          | —                           | 2.2                       | 1.4                        | —                           |

Upon the sale of available-for-sale securities, net realized gains of \$8.2 million, \$8.6 million and \$4.3 million were transferred from accumulated other comprehensive income into the Consolidated Statements of Income during 2011, 2010, and 2009, respectively. The specific identification method is used to determine the realized gain or loss on securities sold or otherwise disposed.

Gross unrealized holding gains and losses recognized in other accumulated comprehensive income from available-for-sale investments are presented in the table below:

|                                             | December 31, 2011 |                                         |                                          |               | December 31, 2010 |                                         |                                          |               |
|---------------------------------------------|-------------------|-----------------------------------------|------------------------------------------|---------------|-------------------|-----------------------------------------|------------------------------------------|---------------|
| \$ in millions                              | Cost              | Gross<br>Unrealized<br>Holding<br>Gains | Gross<br>Unrealized<br>Holding<br>Losses | Fair<br>Value | Cost              | Gross<br>Unrealized<br>Holding<br>Gains | Gross<br>Unrealized<br>Holding<br>Losses | Fair<br>Value |
| Current:                                    |                   |                                         |                                          |               |                   |                                         |                                          |               |
| Seed money                                  | 65.7              | 2.2                                     | (4.4 )                                   | 63.5          | 89.6              | 10.6                                    | (0.7 )                                   | 99.5          |
| Current available-for-sale investments      | 65.7              | 2.2                                     | (4.4 )                                   | 63.5          | 89.6              | 10.6                                    | (0.7 )                                   | 99.5          |
| Non-current:                                |                   |                                         |                                          |               |                   |                                         |                                          |               |
| CLOs                                        | —                 | —                                       | —                                        | —             | 0.3               | 0.2                                     | —                                        | 0.5           |
| Non-current available-for-sale investments: | —                 | —                                       | —                                        | —             | 0.3               | 0.2                                     | —                                        | 0.5           |
|                                             | 65.7              | 2.2                                     | (4.4 )                                   | 63.5          | 89.9              | 10.8                                    | (0.7 )                                   | 100.0         |

The following table provides the breakdown of available-for-sale investments with unrealized losses at December 31, 2011:

| Less Than 12 Months | 12 Months or Greater | Total |
|---------------------|----------------------|-------|
|---------------------|----------------------|-------|

| \$ in millions        | Fair Value | Gross<br>Unrealized<br>Losses | Fair Value | Gross<br>Unrealized<br>Losses | Fair Value | Gross<br>Unrealized<br>Losses |
|-----------------------|------------|-------------------------------|------------|-------------------------------|------------|-------------------------------|
| Seed money (64 funds) | 37.5       | (4.4 )                        | —          | —                             | 37.5       | (4.4 )                        |

The following table provides the breakdown of available-for-sale investments with unrealized losses at December 31, 2010:

| \$ in millions        | Less Than 12 Months |                         | 12 Months or Greater |                         | Total      |                         |
|-----------------------|---------------------|-------------------------|----------------------|-------------------------|------------|-------------------------|
|                       | Fair Value          | Gross Unrealized Losses | Fair Value           | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| Seed money (40 funds) | 0.4                 | —                       | 5.7                  | (0.7 )                  | 6.1        | (0.7 )                  |

The company recorded other-than-temporary impairment charges (OTTI) on seed money investments of \$1.0 million in 2011 (2010: \$6.7 million). The gross unrealized losses of seed money investments were primarily caused by declines in the market value of the underlying funds and foreign exchange movements. After conducting a review of the financial condition and near-term prospects of the underlying securities in the seeded funds as well as the severity and duration of the impairment, the company does not consider its remaining gross unrealized losses on these securities to be other-than-temporarily impaired. The securities are expected to recover their value over time and the company has the intent and ability to hold the securities until this recovery occurs.

As discussed in Note 1, “Accounting Policies,” the company adopted guidance now encompassed in ASC Topic 320, on April 1, 2009. Upon adoption, the company recorded a cumulative effect adjustment of \$1.5 million to the April 1, 2009, opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income, representing the non-credit component of previously-recognized OTTI. During the year ended December 31, 2011, there were no charges to other comprehensive income from other-than-temporary impairment related to non-credit related factors. A rollforward of the cumulative credit-related other-than-temporary impairment charges recognized in earnings for which some portion of the impairment was recorded in other comprehensive income is as follows:

| In millions                                                                            | Year ended<br>December 31,<br>2011 | Year ended<br>December 31,<br>2010 |
|----------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Beginning balance                                                                      | 0.8                                | 18.8                               |
| Adoption of guidance now encompassed in ASC Topic 810*                                 | —                                  | (18.0 )                            |
| Beginning balance, as adjusted                                                         | 0.8                                | 0.8                                |
| Additional credit losses recognized during the period related to securities for which: |                                    |                                    |
| No OTTI has been previously recognized                                                 | —                                  | —                                  |
| OTTI has been previously recognized                                                    | —                                  | —                                  |
| Ending balance                                                                         | 0.8                                | 0.8                                |

The company adopted guidance now encompassed in ASC Topic 810 on January 1, 2010, resulting in the consolidation of CLOs for which the company has an underlying investment of \$50.4 million at December 31, 2011 \*(before consolidation). Of the \$18.8 million cumulative credit-related OTTI balance at January 1, 2010, \$18.0 million relates to CLOs that were consolidated into the company's Consolidated Balance Sheet, resulting in the elimination of our equity interest.

The company owns 100% of the voting control of its subsidiary entities, directly or indirectly, with the exception of the following entities, which are consolidated with resulting noncontrolling interests:

Name of Company



|                                                 | Country of<br>Incorporation | % Voting Interest<br>Owned |   |
|-------------------------------------------------|-----------------------------|----------------------------|---|
| India Asset Recovery Management Limited         | India                       | 80.1                       | % |
| VV Immobilien Verwaltungs und Beteiligungs GmbH | Germany                     | 70.0                       | % |
| VV Immobilien Verwaltungs GmbH                  | Germany                     | 70.0                       | % |
| HVH Immobilien und Beteiligungs GmbH            | Germany                     | 70.0                       | % |

Following are the company's investments in joint ventures and affiliates, which are accounted for using the equity method and are recorded as non-current investments on the Consolidated Balance Sheets:

| Name of Company                                           | Country of<br>Incorporation | % Voting Interest<br>Owned |   |
|-----------------------------------------------------------|-----------------------------|----------------------------|---|
| Invesco Great Wall Fund Management Company Limited        | China                       | 49.0                       | % |
| Huaneng Invesco WLR Investment Consulting Company Limited | China                       | 50.0                       | % |
| Pocztylion - ARKA                                         | Poland                      | 29.3                       | % |

Undistributed earnings from equity method investees have not been a material restriction on the company's ability to pay dividends to shareholders. Equity method investments also include the company's investments in certain of its sponsored private equity, real estate and other investment entities. The company's investment is generally less than 5% of the capital of these entities. These entities include variable interest entities for which the company has determined that it is not the primary beneficiary and other investment products structured as partnerships for which the company is the general partner and the other limited partners possess either substantive kick-out, liquidation or participation rights. See Note 20, "Consolidated Investment Products," for additional information.

## 5. PROPERTY AND EQUIPMENT

Changes in property and equipment balances are as follows:

| \$ in millions            | Technology<br>and Other<br>Equipment | Software | Land and<br>Buildings* | Work In<br>Process | Leasehold<br>Improvements | Total    |
|---------------------------|--------------------------------------|----------|------------------------|--------------------|---------------------------|----------|
| Cost:                     |                                      |          |                        |                    |                           |          |
| January 1, 2011           | 318.4                                | 266.1    | 72.1                   | 19.6               | 159.2                     | 835.4    |
| Foreign exchange          | (2.2 )                               | (0.6 )   | (0.7 )                 | (0.5 )             | (0.8 )                    | (4.8 )   |
| Additions                 | 14.3                                 | 3.8      | 1.2                    | 73.7               | 17.0                      | 110.0    |
| Transfers                 | 15.8                                 | 22.3     | —                      | (48.6 )            | 10.5                      | —        |
| Disposals                 | (79.1 )                              | (7.6 )   | (6.9 )                 | —                  | (9.3 )                    | (102.9 ) |
| December 31, 2011         | 267.2                                | 284.0    | 65.7                   | 44.2               | 176.6                     | 837.7    |
| Accumulated depreciation: |                                      |          |                        |                    |                           |          |
| January 1, 2011           | (261.7 )                             | (184.0 ) | (8.4 )                 | —                  | (108.9 )                  | (563.0 ) |
| Foreign exchange          | 1.4                                  | 0.7      | 0.1                    | —                  | 0.8                       | 3.0      |
| Depreciation expense      | (20.1 )                              | (27.9 )  | (1.3 )                 | —                  | (11.0 )                   | (60.3 )  |
| Disposals                 | 77.7                                 | 8.0      | 0.5                    | —                  | 9.2                       | 95.4     |
| December 31, 2011         | (202.7 )                             | (203.2 ) | (9.1 )                 | —                  | (109.9 )                  | (524.9 ) |
| Net book value:           |                                      |          |                        |                    |                           |          |
| December 31, 2011         | 64.5                                 | 80.8     | 56.6                   | 44.2               | 66.7                      | 312.8    |
| Cost:                     |                                      |          |                        |                    |                           |          |
| January 1, 2010           | 282.5                                | 231.3    | 72.5                   | 11.5               | 141.3                     | 739.1    |
| Foreign exchange          | 1.7                                  | (1.1 )   | (1.4 )                 | (0.1 )             | 1.3                       | 0.4      |
| Additions**               | 10.0                                 | 7.4      | 1.0                    | 78.2               | 3.5                       | 100.1    |
| Transfers                 | 28.3                                 | 28.6     | —                      | (70.0 )            | 13.1                      | —        |
| Disposals                 | (4.1 )                               | (0.1 )   | —                      | —                  | —                         | (4.2 )   |
| December 31, 2010         | 318.4                                | 266.1    | 72.1                   | 19.6               | 159.2                     | 835.4    |
| Accumulated depreciation: |                                      |          |                        |                    |                           |          |
| January 1, 2010           | (245.5 )                             | (165.3 ) | (7.5 )                 | —                  | (100.1 )                  | (518.4 ) |
| Foreign exchange          | (2.1 )                               | 0.8      | 0.3                    | —                  | (1.4 )                    | (2.4 )   |
| Depreciation expense      | (18.2 )                              | (19.6 )  | (1.2 )                 | —                  | (7.4 )                    | (46.4 )  |
| Disposals                 | 4.1                                  | 0.1      | —                      | —                  | —                         | 4.2      |
| December 31, 2010         | (261.7 )                             | (184.0 ) | (8.4 )                 | —                  | (108.9 )                  | (563.0 ) |
| Net book value:           |                                      |          |                        |                    |                           |          |
| December 31, 2010         | 56.7                                 | 82.1     | 63.7                   | 19.6               | 50.3                      | 272.4    |

\* Included within land and buildings are \$33.6 million at December 31, 2011 (2010: \$33.2 million) in non-depreciable land assets.

\*\* Included within additions is \$5.4 million at December 31, 2010 related to the acquired businesses.

## 6. INTANGIBLE ASSETS

The following table presents the major classes of the company's intangible assets at December 31, 2011 and 2010:

| \$ in millions                          | Gross Book Value | Accumulated Amortization | Net Book Value | Weighted Average Amortization Period (years) |
|-----------------------------------------|------------------|--------------------------|----------------|----------------------------------------------|
| December 31, 2011                       |                  |                          |                |                                              |
| Management contracts - indefinite-lived | 1,206.4          | N/A                      | 1,206.4        | N/A                                          |
| Management contracts - finite-lived     | 185.0            | (117.0)                  | 68.0           | 8.7                                          |
| Customer relationships                  | 40.0             | (5.3)                    | 34.7           | 12.0                                         |
| Distribution agreements                 | 17.0             | (6.7)                    | 10.3           | 4.0                                          |
| Trademarks / Trade names                | 13.3             | (10.3)                   | 3.0            | 2.0                                          |
| Other                                   | 0.8              | (0.4)                    | 0.4            | 10.0                                         |
| Total                                   | 1,462.5          | (139.7)                  | 1,322.8        | 8.5                                          |
| December 31, 2010                       |                  |                          |                |                                              |
| Management contracts - indefinite-lived | 1,161.7          | N/A                      | 1,161.7        | N/A                                          |
| Management contracts - finite-lived     | 199.7            | (87.0)                   | 112.7          | 9.0                                          |
| Customer relationships                  | 40.0             | (1.9)                    | 38.1           | 12.0                                         |
| Distribution agreements                 | 17.0             | (2.5)                    | 14.5           | 4.0                                          |
| Trademarks / Trade names                | 13.0             | (3.8)                    | 9.2            | 2.0                                          |
| Other                                   | 3.6              | (2.6)                    | 1.0            | 6.1                                          |
| Total                                   | 1,435.0          | (97.8)                   | 1,337.2        | 8.8                                          |

Where evidence exists that the underlying arrangements have a high likelihood of continued renewal at little or no cost to the company, the intangible asset is assigned an indefinite life. Indefinite-lived intangible assets primarily relate to management contracts and related rights to manage the assets acquired during prior acquisitions. The 2011 and 2010 annual impairment reviews of indefinite-lived intangible assets determined that no impairment existed at the respective review dates.

Amortization expense was \$42.2 million during the year ended December 31, 2011 (December 31, 2010: \$30.3 million) and is included within General and Administrative expenses in the Consolidated Statements of Income. Estimated amortization expense for each of the five succeeding fiscal years based upon the company's intangible assets at December 31, 2011 is as follows:

Years Ended December 31,

|                |      |
|----------------|------|
| \$ in millions |      |
| 2012           | 24.0 |
| 2013           | 20.4 |
| 2014           | 14.9 |
| 2015           | 12.6 |
| 2016           | 12.6 |

## 7. GOODWILL

The table below details changes in the goodwill balance:

| \$ in millions             | Gross Book Value | Accumulated Impairment | Net Book Value |
|----------------------------|------------------|------------------------|----------------|
| January 1, 2011            | 6,996.8          | (16.6 )                | 6,980.2        |
| Business combinations      | 30.5             | —                      | 30.5           |
| Foreign exchange and other | (102.8 )         | —                      | (102.8 )       |
| December 31, 2011          | 6,924.5          | (16.6 )                | 6,907.9        |
| January 1, 2010            | 6,484.2          | (16.6 )                | 6,467.6        |
| Business combinations      | 440.0            | —                      | 440.0          |
| Foreign exchange and other | 72.6             | —                      | 72.6           |
| December 31, 2010          | 6,996.8          | (16.6 )                | 6,980.2        |

The 2010 acquisitions of Morgan Stanley's retail asset management business, including Van Kampen Investments, as well as the acquisitions of Concord Capital and AIG Asia Real Estate collectively added \$399.6 million of goodwill to the company's Consolidated Balance Sheet at their respective acquisition dates. The 2011 earn-out calculations related to the 2006 acquisition of W.L. Ross & Co. and Invesco PowerShares resulted in an addition to goodwill of \$30.5 million (2010 earn-out goodwill addition: \$40.4 million).

The 2011 and 2010 annual impairment reviews determined that no impairment existed at the respective review dates. No interim impairment tests were deemed necessary during 2010 or 2011.

## 8. OTHER CURRENT LIABILITIES

The table below details the components of other current liabilities:

| \$ in millions                          | 2011  | 2010  |
|-----------------------------------------|-------|-------|
| Accruals and other liabilities          | 168.6 | 182.5 |
| Compensation and benefits               | 64.3  | 55.4  |
| Accrued bonus and deferred compensation | 336.0 | 365.3 |
| Accounts payable                        | 272.6 | 302.5 |
| Other current liabilities               | 841.5 | 905.7 |

## 9. DEBT

The disclosures below include details of the company's debt. Debt of consolidated investment products is detailed in Note 20, "Consolidated Investment Products."

| \$ in millions                                      | December 31, 2011 |            | December 31, 2010 |            |
|-----------------------------------------------------|-------------------|------------|-------------------|------------|
|                                                     | Carrying Value    | Fair Value | Carrying Value    | Fair Value |
| Unsecured Senior Notes*:                            |                   |            |                   |            |
| 5.625% - due April 17, 2012                         | 215.1             | 217.3      | 215.1             | 223.7      |
| 5.375% - due February 27, 2013                      | 333.5             | 343.8      | 333.5             | 335.2      |
| 5.375% - due December 15, 2014                      | 197.1             | 207.4      | 197.1             | 210.4      |
| Floating rate credit facility expiring June 3, 2016 | 539.0             | 539.0      | 570.0             | 570.0      |
| Total debt                                          | 1,284.7           | 1,307.5    | 1,315.7           | 1,339.3    |
| Less: current maturities of total debt              | (215.1 )          | (217.3 )   | —                 | —          |

|                |         |         |         |         |
|----------------|---------|---------|---------|---------|
| Long-term debt | 1,069.6 | 1,090.2 | 1,315.7 | 1,339.3 |
|----------------|---------|---------|---------|---------|

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\* The company's Senior Note indentures contain certain restrictions on mergers or consolidations. Beyond these items, there are no other restrictive covenants in the indentures.

The fair market value of the company's Senior Notes was determined by market quotes provided by Bloomberg. In the absence of an active market, the company relies upon the average price quoted by brokers for determining the fair market value of the debt. The level of trading, both in number of trades and amount of Senior Notes traded, has increased to a level that the company believes market quotes to be a reasonable representation of the current fair market value of the Senior Notes.

#### Analysis of Borrowings by Maturity:

| \$ in millions | December 31,<br>2011 |
|----------------|----------------------|
| 2012           | 215.1                |
| 2013           | 333.5                |
| 2014           | 197.1                |
| 2016           | 539.0                |
| Total debt     | 1,284.7              |

On June 3, 2011 the company amended and restated its unsecured \$1.25 billion credit agreement to, among other matters, provide for a term of five years. The amended and restated facility is now scheduled to expire on June 3, 2016.

At December 31, 2011, the outstanding balance on the credit facility was \$539.0 million and the weighted average interest rate on the credit facility was 1.394%. Borrowings under the credit facility will bear interest at (i) LIBOR for specified interest periods or (ii) a floating base rate (based upon the highest of (a) the Bank of America prime rate, (b) the Federal Funds rate plus 0.50% and (c) LIBOR for an interest period of one month plus 1.00%), plus, in either case, an applicable margin determined with reference to the company's credit ratings and specified credit default spreads. Based on credit ratings as of December 31, 2011 of the company and such credit default spreads, the applicable margin for LIBOR-based loans was 1.10% and for base rate loans was 0.10%. In addition, the company is required to pay the lenders a facility fee on the aggregate commitments of the lenders (whether or not used) at a rate per annum which is based on the company's credit ratings. Based on credit ratings as of December 31, 2011, the annual facility fee was equal to 0.15%.

The credit agreement governing the credit facility contains customary restrictive covenants on the company and its subsidiaries. Restrictive covenants in the credit agreement include, but are not limited to: prohibitions on creating, incurring or assuming any liens; entering into certain restrictive merger arrangements; selling, leasing, transferring or otherwise disposing of assets; making a material change in the nature of the business; making material amendments to organic documents; making a significant accounting policy change in certain situations; entering into transactions with affiliates; incurring certain indebtedness through the non-guarantor subsidiaries. Many of these restrictions are subject to certain minimum thresholds and exceptions. Financial covenants under the credit agreement include: (i) the quarterly maintenance of a debt/EBITDA leverage ratio, as defined in the credit agreement, of not greater than 3.25:1.00 through December 31, 2012, and not greater than 3.00:1.00 thereafter, (ii) a coverage ratio (EBITDA, as defined in the credit agreement/interest payable for the four consecutive fiscal quarters ended before the date of determination) of not less than 4.00:1.00.

The credit agreement governing the credit facility also contains customary provisions regarding events of default which could result in an acceleration or increase in amounts due, including (subject to certain materiality thresholds and grace periods) payment default, failure to comply with covenants, material inaccuracy of representation or warranty, bankruptcy or insolvency proceedings, change of control, certain judgments, ERISA matters, cross-default to other debt agreements, governmental action prohibiting or restricting the company or its subsidiaries in a manner that has a material adverse effect and failure of certain guaranty obligations. The company is in compliance with all regulatory minimum net capital requirements.

The lenders (and their respective affiliates) may have provided, and may in the future provide, investment banking, cash management, underwriting, lending, commercial banking, leasing, foreign exchange, trust or other advisory services to the company and its subsidiaries and affiliates. These parties may have received, and may in the future receive, customary compensation for these services.

The company maintains approximately \$20.0 million in letters of credit from a variety of banks. The letters of credit are generally one-year automatically-renewable facilities and are maintained for various commercial reasons. Approximately \$16.3 million of the letters of credit support office lease obligations.



## 10. SHARE CAPITAL

Movements in the number of common shares and common share equivalents issued are represented in the table below:

| In millions                                                             | Year ended<br>December 31,<br>2011 | Year ended<br>December 31,<br>2010 | Year ended<br>December 31,<br>2009 |
|-------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Common shares issued - beginning balance                                | 490.4                              | 459.5                              | 426.6                              |
| Issue of new shares                                                     | —                                  | 30.9                               | 32.9                               |
| Common shares issued - ending balance                                   | 490.4                              | 490.4                              | 459.5                              |
| Less: Treasury shares for which dividend and voting rights do not apply | (44.4 )                            | (30.3 )                            | (28.1 )                            |
| Common shares outstanding                                               | 446.0                              | 460.1                              | 431.4                              |

During the year ended December 31, 2011, the company repurchased 18.8 million shares (three months ended December 31, 2011: 5.3 million shares) in the market at a cost of \$436.5 million (three months ended December 31, 2011: \$103.4 million cost) (year ended December 31, 2010: 9.4 million shares, at a cost of \$192.2 million).

Separately, an aggregate of 3.1 million shares were withheld on vesting events during the year ended December 31, 2011 to meet employees' withholding tax obligations (December 31, 2010: 1.9 million). The fair value of these shares withheld at the respective withholding dates was \$76.6 million (December 31, 2010: \$47.9 million). Approximately \$732 million remained authorized under the company's share repurchase plan at December 31, 2011 (December 31, 2010: \$1.2 billion).

Total treasury shares at December 31, 2011 were 54.0 million (December 31, 2010: 42.7 million), including 9.6 million unvested restricted stock awards (December 31, 2010: 12.4 million) for which dividend and voting rights apply. The market price of common shares at the end of 2011 was \$20.09. The total market value of the company's 54.0 million treasury shares was \$1.1 billion at December 31, 2011.

Movements in Treasury Shares comprise:

| In millions                                        | Year ended<br>December 31,<br>2011 | Year ended<br>December 31,<br>2010 | Year ended<br>December 31,<br>2009 |
|----------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Beginning balance                                  | 42.7                               | 40.2                               | 50.7                               |
| Acquisition of common shares                       | 21.8                               | 11.3                               | 1.6                                |
| Distribution of common shares                      | (9.6 )                             | (7.0 )                             | (7.5 )                             |
| Common shares distributed to meet option exercises | (0.9 )                             | (1.8 )                             | (4.6 )                             |
| Ending balance                                     | 54.0                               | 42.7                               | 40.2                               |

## 11. OTHER COMPREHENSIVE INCOME/(LOSS)

The components of accumulated other comprehensive income/(loss) at December 31 were as follows:

| \$ in millions                                                             | 2011    | 2010    | 2009    |
|----------------------------------------------------------------------------|---------|---------|---------|
| Net unrealized gains/(losses) on available-for-sale investments            | (2.2 )  | 10.1    | 5.4     |
| Tax on unrealized gains/(losses) on available-for-sale investments         | (0.6 )  | (2.4 )  | (1.6 )  |
| Accumulated other comprehensive income/(loss) of equity method investments | (4.3 )  | 2.9     | —       |
| Cumulative foreign currency translation adjustments                        | 452.7   | 524.6   | 442.0   |
| Tax on cumulative foreign currency translation adjustments                 | 2.5     | 2.0     | 2.0     |
| Employee benefit plan liability adjustments                                | (98.2 ) | (55.8 ) | (74.5 ) |
| Tax on employee benefit plan liability adjustments                         | 23.4    | 14.1    | 20.3    |
| Total accumulated other comprehensive income/(loss)                        | 373.3   | 495.5   | 393.6   |



Total other comprehensive income/(loss) details are presented below.

| \$ in millions                                                                                                   | 2011    | 2010   | 2009    |
|------------------------------------------------------------------------------------------------------------------|---------|--------|---------|
| Net income                                                                                                       | 622.0   | 636.8  | 209.3   |
| Adoption of guidance now encompassed in ASC Topic 320                                                            | —       | —      | (1.5 )  |
| Unrealized holding gains and losses on available-for-sale investments*                                           | (12.2 ) | 11.5   | 10.6    |
| Tax on unrealized holding gains and losses on available-for-sale investments                                     | 1.7     | (2.7 ) | (2.8 )  |
| Comprehensive income of equity method investments                                                                | (7.2 )  | 2.9    | —       |
| Reclassification adjustments for net (gains) and losses on available-for-sale investments included in net income | (0.1 )  | (1.6 ) | 4.0     |
| Tax on reclassification adjustments for gains (losses) on available-for-sale investments included in net income  | 0.1     | 1.9    | 1.1     |
| Foreign currency translation adjustments**                                                                       | (48.8 ) | 77.3   | 488.3   |
| Tax on foreign currency translation adjustments                                                                  | 0.5     | —      | 0.7     |
| Adjustments to employee benefit plan liability                                                                   | (42.4 ) | 18.7   | (15.1 ) |
| Tax on adjustments to employee benefit plan liability                                                            | 9.3     | (6.2 ) | 4.1     |
| Total comprehensive income/(loss)                                                                                | 522.9   | 738.6  | 698.7   |

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\* The company adopted guidance now encompassed in ASC Topic 810 on January 1, 2010, resulting in the consolidation of certain CLOs. Upon adoption, accumulated other comprehensive income was reduced by \$5.2 million, as accumulated net unrealized gains at January 1, 2010 relating to the company's investments in certain CLOs were reclassified into retained earnings upon their consolidation.

Included in this amount are net gains of \$23.1 million for the year ended December 31, 2011 related to foreign currency translation adjustments attributable to consolidated investment products (year ended December 31, 2010: \*\*net losses of \$5.3 million). Of this amount, \$8.7 million is reclassified from accumulated other comprehensive income into retained earnings appropriated for investors in consolidated investment products (year ended December 31, 2010: \$5.3 million).

## 12. SHARE-BASED COMPENSATION

The company recognized total expenses of \$115.1 million, \$117.8 million and \$90.8 million related to equity-settled share-based payment transactions in 2011, 2010 and 2009, respectively. The total income tax benefit recognized in the Consolidated Statements of Income for share-based compensation arrangements was \$32.5 million for 2011 (2010: \$35.0 million; 2009: \$28.6 million).

Cash received from exercise of share options granted under share-based compensation arrangements was \$12.4 million in 2011 (2010: \$19.6 million; 2009: \$80.0 million). The total tax benefit realized from share options exercises was \$3.5 million in 2011 (2010: \$4.1 million; 2009: \$5.2 million).

### Share Awards

Share awards are broadly classified into two categories: time-vested and performance-vested. Share awards are measured at fair value at the date of grant and are expensed, based on the company's estimate of shares that will eventually vest, on a straight-line or accelerated basis over the vesting period.

Time-vested awards vest ratably over or cliff-vest at the end of a period of continued employee service. Performance-vested awards cliff-vest at the end of or vest ratably over a defined vesting period of continued employee service upon the company's attainment of certain performance criteria, generally the attainment of cumulative earnings

per share growth targets at the end of the vesting period reflecting a compound annual growth rate of between 10.0% and 15.0% per annum during a three-year period. Time-vested and performance-vested share awards are granted in the form of restricted share awards (RSAs) or restricted share units (RSUs). Dividends accrue directly to the employee holder of RSAs, and cash payments in lieu of dividends are made to employee holders of certain RSUs. There is therefore no discount to the fair value of these share awards at their grant date.

Movements on share awards priced in U.S. dollars are detailed below:

|                                          | Year ended December 31, 2011 |                                             | Year ended December 31, 2010 |                                             |
|------------------------------------------|------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|
|                                          | Time-Vested                  | Weighted Average Grant Date Fair Value (\$) | Time-Vested                  | Weighted Average Grant Date Fair Value (\$) |
| Millions of shares, except fair values   |                              |                                             |                              |                                             |
| Unvested at the beginning of period      | 17.4                         | 17.25                                       | 11.6                         | 15.24                                       |
| Granted during the period                | 5.9                          | 26.34                                       | 10.6                         | 19.11                                       |
| Forfeited during the period              | (0.4)                        | ) 19.65                                     | (0.3)                        | ) 19.36                                     |
| Vested and distributed during the period | (5.6)                        | ) 18.68                                     | (4.5)                        | ) 16.04                                     |
| Unvested at the end of the period        | 17.3                         | 20.34                                       | 17.4                         | 17.25                                       |

On December 4, 2007, in connection with the redomicile of the company from the U.K. to Bermuda, the company's primary share listing moved from the London Stock Exchange to the New York Stock Exchange. Movements on share awards priced in Pounds Sterling, which were awarded prior to the move of the company's primary share listing to the New York Stock Exchange, are detailed below:

|                                             | 2011        |                    |                                                     | 2010        |                    |                                                     | 2009        |                    |                                                     |
|---------------------------------------------|-------------|--------------------|-----------------------------------------------------|-------------|--------------------|-----------------------------------------------------|-------------|--------------------|-----------------------------------------------------|
|                                             | Time-Vested | Performance-Vested | Weighted Average Grant Date Fair Value (£ Sterling) | Time-Vested | Performance-Vested | Weighted Average Grant Date Fair Value (£ Sterling) | Time-Vested | Performance-Vested | Weighted Average Grant Date Fair Value (£ Sterling) |
| Millions of shares, except fair values      |             |                    |                                                     |             |                    |                                                     |             |                    |                                                     |
| Unvested at the beginning of year           | 3.3         | 0.1                | 11.80                                               | 5.4         | 2.0                | 11.80                                               | 10.2        | 6.0                | 15.24                                               |
| Granted during the year                     | —           | —                  | —                                                   | —           | —                  | —                                                   | —           | —                  | —                                                   |
| Forfeited during the year                   | (0.1)       | ) —                | 12.90                                               | (0.1)       | ) (1.4)            | 12.90                                               | (0.3)       | ) (0.3)            | 19.36                                               |
| Modification of share-based payment awards* | —           | —                  | —                                                   | —           | —                  | —                                                   | —           | (1.4)              | )                                                   |
| Vested and distributed during the year      | (2.6)       | ) (0.1)            | 11.89                                               | (2.0)       | ) (0.5)            | 11.89                                               | (4.5)       | ) (2.3)            | 16.04                                               |
| Unvested at the end of the year             | 0.6         | —                  | 11.25                                               | 3.3         | 0.1                | 11.25                                               | 5.4         | 2.0                | 17.25                                               |

During the year ended December 31, 2009, the company modified the terms of 1.4 million equity-settled share-based payment awards such that the awards became deferred cash awards. As a result of this modification, \$13.0 million \* was reclassified out of additional paid in capital and into other current and non-current liabilities on the Consolidated Balance Sheet during the year. There was no impact to the Consolidated Statement of Income or earnings per share as a result of this modification.

All share awards outstanding at December 31, 2011, had a weighted average remaining contractual life of 1.59 years. The total fair value of shares that vested during 2011 was \$207.8 million (2010: \$125.3 million; 2009: \$130.2 million). The weighted average fair value at the date of grant of the historical Pound Sterling vested and distributed share awards was £11.89 (2010: £10.01; 2009: £7.87). The weighted average fair value at the date of grant of the U.S. dollar vested and distributed share awards was \$18.68.

At December 31, 2011, there was \$260.5 million of total unrecognized compensation cost related to non-vested share awards; that cost is expected to be recognized over a weighted average period of 3.41 years.

#### Share Options

The company has not granted share option awards since 2005. All share options awards, therefore, were granted prior to the December 4, 2007, redomicile from the United Kingdom to Bermuda and relisting from the London Stock Exchange (where the predecessor company's ordinary shares traded in Pounds Sterling) to the New York Stock Exchange (where the company's common shares now trade in U.S. Dollars). The company maintains its two historical share option plans which have outstanding share options: The 2000 Share Option Plan and the No. 3 Executive Share Option Scheme. All remaining outstanding share option awards were fully vested and were expensed by the company over the applicable vesting periods (the latest of which ended prior to December 31, 2008). At the time of their grants, the exercise prices of the share options were denominated in the company's trading currency, which was the Pound Sterling. The company did not change the accounting for share options at the redomicile/relisting date, because the share options were not modified at that date. The exercise price remains in Pounds Sterling and was not changed to U.S. Dollars. Therefore, upon exercise of the share options, the Pound Sterling exercise price will be converted

into U.S. Dollars using the spot foreign exchange rate in effect on the exercise date. Upon the exercise of share options, the company either issues new shares or can utilize shares held in treasury (see Note 10, "Share Capital") to satisfy the exercise.

The share option plans provided for a grant price equal to the quoted market price of the company's shares on the date of grant. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the company before the options vest. All options outstanding at December 31, 2011 were exercisable and had a range of exercise prices from £6.39 to £19.19, and weighted average remaining contractual life of 2.62 years. The total intrinsic value of options exercised during the years ended December 31, 2011, 2010, and 2009, was \$9.2 million, \$18.5 million, and \$20.7 million, respectively. At December 31, 2011, the aggregate intrinsic value of options outstanding and options exercisable was \$36.3 million. The market price of the company's common stock at December 31, 2011 was \$20.09 (December 31, 2010: \$24.06).

Changes in outstanding share option awards are as follows:

| Millions of shares, except prices    | 2011    |                                              | 2010    |                                              | 2009    |                                              |
|--------------------------------------|---------|----------------------------------------------|---------|----------------------------------------------|---------|----------------------------------------------|
|                                      | Options | Weighted Average Exercise Price (£ Sterling) | Options | Weighted Average Exercise Price (£ Sterling) | Options | Weighted Average Exercise Price (£ Sterling) |
| Outstanding at the beginning of year | 10.7    | 13.85                                        | 16.4    | 14.99                                        | 23.1    | 14.06                                        |
| Forfeited during the year            | (5.3 )  | 19.70                                        | (3.9 )  | 21.90                                        | (2.1 )  | 15.15                                        |
| Exercised during the year            | (0.9 )  | 8.33                                         | (1.8 )  | 6.70                                         | (4.6 )  | 10.20                                        |
| Outstanding at the end of the year   | 4.5     | 7.85                                         | 10.7    | 13.85                                        | 16.4    | 14.99                                        |
| Exercisable at the end of the year   | 4.5     | 7.85                                         | 10.7    | 13.85                                        | 16.4    | 14.99                                        |

### 13. RETIREMENT BENEFIT PLANS

#### Defined Contribution Plans

The company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the company in funds under the control of trustees. When employees leave the plans prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total amounts charged to the Consolidated Statements of Income for the year ended December 31, 2011, of \$53.2 million (December 31, 2010: \$47.0 million, 2009: \$43.6 million) represent contributions paid or payable to these plans by the company at rates specified in the rules of the plans. As of December 31, 2011, accrued contributions of \$20.0 million (December 31, 2010: \$18.9 million) for the current year will be paid to the plans.

#### Defined Benefit Plans

The company maintains legacy defined benefit pension plans for qualifying employees of its subsidiaries in the U.K., Ireland, Germany and Taiwan. All defined benefit plans are closed to new participants. The company also maintains a postretirement medical plan in the U.S., which was closed to new participants in 2005. In 2006, the plan was amended to eliminate benefits for all participants who will not meet retirement eligibility by 2008. The assets of all defined benefit schemes are held in separate trustee-administered funds. Under the plans, the employees are generally entitled to retirement benefits based on final salary at retirement.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were valued as of December 31, 2011. The benefit obligation, related current service cost and prior service cost were measured using the projected unit credit method.



## Benefit Obligations and Funded Status

The amounts included in the Consolidated Balance Sheets arising from the company's obligations and plan assets in respect of its defined benefit retirement plans is as follows:

| \$ in millions                                         | Retirement Plans |          | Medical Plan |         |
|--------------------------------------------------------|------------------|----------|--------------|---------|
|                                                        | 2011             | 2010     | 2011         | 2010    |
| Benefit obligation                                     | (383.3 )         | (336.1 ) | (48.1 )      | (52.4 ) |
| Fair value of plan assets                              | 288.3            | 286.0    | 8.2          | 8.1     |
| Funded status                                          | (95.0 )          | (50.1 )  | (39.9 )      | (44.3 ) |
| Amounts recognized in the Consolidated Balance Sheets: |                  |          |              |         |
| Non-current assets                                     | 2.0              | 1.0      | —            | —       |
| Current liabilities                                    | —                | (0.9 )   | (2.2 )       | (2.5 )  |
| Non-current liabilities                                | (97.0 )          | (50.2 )  | (37.7 )      | (41.8 ) |
| Funded status                                          | (95.0 )          | (50.1 )  | (39.9 )      | (44.3 ) |

Changes in the benefit obligations were as follows:

| \$ in millions                       | Retirement Plans |         | Medical Plan |        |
|--------------------------------------|------------------|---------|--------------|--------|
|                                      | 2011             | 2010    | 2011         | 2010   |
| January 1                            | 336.1            | 330.2   | 52.4         | 48.5   |
| Service cost                         | 4.4              | 4.1     | 0.5          | 0.6    |
| Interest cost                        | 19.1             | 18.2    | 2.3          | 2.7    |
| Contributions from plan participants | —                | —       | 0.5          | 0.5    |
| Actuarial (gains)/losses             | 41.8             | 4.6     | (5.2 )       | 2.4    |
| Exchange difference                  | (4.1 )           | (11.8 ) | —            | —      |
| Benefits paid                        | (14.0 )          | (9.2 )  | (2.4 )       | (2.3 ) |
| December 31                          | 383.3            | 336.1   | 48.1         | 52.4   |

Key assumptions used in plan valuations are detailed below. Appropriate local mortality tables are also used. The postretirement benefit obligations reflect the anticipated annual receipt of the 28% subsidy on retiree prescription drug claims between \$320 and \$6,500 for 2012 (and adjusted annually in the future) as a result of the Medicare Prescription Drug Improvement and Modernization Act of 2003. The weighted average assumptions used to determine defined benefit obligations at December 31, 2011, and 2010 are:

|                                                  | Retirement Plans |   |      |   | Medical Plan |   |             |   |
|--------------------------------------------------|------------------|---|------|---|--------------|---|-------------|---|
|                                                  | 2011             |   | 2010 |   | 2011         |   | 2010        |   |
| Discount rate                                    | 4.92             | % | 5.65 | % | 4.34         | % | 5.20        | % |
| Expected rate of salary increases                | 3.34             | % | 3.60 | % | 3.00         | % | 3.00        | % |
| Future pension/medical cost trend rate increases | 3.22             | % | 3.49 | % | 5.00%-8.00%  |   | 5.00%-8.00% |   |

Changes in the fair value of plan assets in the current period were as follows:

| \$ in millions                       | Retirement Plans |        | Medical Plan |        |
|--------------------------------------|------------------|--------|--------------|--------|
|                                      | 2011             | 2010   | 2011         | 2010   |
| January 1                            | 286.0            | 262.9  | 8.1          | 7.3    |
| Actual return on plan assets         | 9.5              | 33.2   | 0.2          | 0.8    |
| Exchange difference                  | (0.6 )           | (5.9 ) | —            | —      |
| Contributions from the company       | 6.6              | 6.3    | —            | —      |
| Contributions from plan participants | —                | —      | 0.2          | 0.2    |
| Benefits paid                        | (12.8 )          | (9.2 ) | (0.3 )       | (0.2 ) |
| Settlement and other                 | (0.4 )           | (1.3 ) | —            | —      |
| December 31                          | 288.3            | 286.0  | 8.2          | 8.1    |



The components of the amount recognized in accumulated other comprehensive income at December 31, 2011, and 2010 are as follows:

| \$ in millions              | Retirement Plans |      | Medical Plan |         |
|-----------------------------|------------------|------|--------------|---------|
|                             | 2011             | 2010 | 2011         | 2010    |
| Prior service cost/(credit) | —                | —    | (11.9 )      | (13.9 ) |
| Net actuarial loss/(gain)   | 102.2            | 56.6 | 7.9          | 13.1    |
| Total                       | 102.2            | 56.6 | (4.0 )       | (0.8 )  |

The amounts in accumulated other comprehensive income expected to be amortized into net periodic benefit cost during the year ending December 31, 2012 are as follows:

| \$ in millions              | Retirement Plans | Medical Plan |
|-----------------------------|------------------|--------------|
| Prior service cost/(credit) | —                | (2.0 )       |
| Net actuarial loss/(gain)   | 6.0              | 1.3          |
| Total                       | 6.0              | (0.7 )       |

The total accumulated benefit obligation, the accumulated benefit obligation and fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets and the projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets are as follows:

| \$ in millions                                                      | Retirement Plans |       |
|---------------------------------------------------------------------|------------------|-------|
|                                                                     | 2011             | 2010  |
| Plans with accumulated benefit obligation in excess of plan assets: |                  |       |
| Accumulated benefit obligation                                      | 371.8            | 321.9 |
| Fair value of plan assets                                           | 274.6            | 274.2 |
| Plans with projected benefit obligation in excess of plan assets:   |                  |       |
| Projected benefit obligation                                        | 371.8            | 321.9 |
| Fair value of plan assets                                           | 274.6            | 274.2 |

#### Net Periodic Benefit Cost

The components of net periodic benefit cost in respect of these defined benefit plans are as follows:

| \$ in millions                              | Retirement Plans |         |         | Medical Plan |        |        |
|---------------------------------------------|------------------|---------|---------|--------------|--------|--------|
|                                             | 2011             | 2010    | 2009    | 2011         | 2010   | 2009   |
| Service cost                                | (4.4 )           | (4.1 )  | (3.9 )  | (0.5 )       | (0.6 ) | (0.2 ) |
| Interest cost                               | (19.1 )          | (18.2 ) | (16.6 ) | (2.3 )       | (2.7 ) | (2.7 ) |
| Expected return on plan assets              | 17.6             | 14.9    | 14.4    | 0.5          | 0.4    | 0.4    |
| Amortization of prior service cost/(credit) | —                | (3.0 )  | (0.1 )  | 2.0          | 2.0    | 2.0    |
| Amortization of net actuarial gain/(loss)   | (1.2 )           | —       | (2.7 )  | (0.3 )       | (2.7 ) | (3.6 ) |
| Settlement                                  | —                | 0.6     | (4.0 )  | —            | —      | —      |
| Net periodic benefit cost                   | (7.1 )           | (9.8 )  | (12.9 ) | (0.6 )       | (3.6 ) | (4.1 ) |

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2011, 2010, and 2009 are:

|                                   | Retirement Plans |        |        |      |      |      |
|-----------------------------------|------------------|--------|--------|------|------|------|
|                                   | 2011             | 2010   | 2009   | 2011 | 2010 | 2009 |
| Discount rate                     | 5.65 %           | 5.68 % | 5.84 % |      |      |      |
| Expected return on plan assets    | 5.84 %           | 6.20 % | 6.15 % |      |      |      |
| Expected rate of salary increases | 3.60 %           | 3.62 % | 3.09 % |      |      |      |
| Future pension rate increases     | 3.49 %           | 3.50 % | 2.88 % |      |      |      |



|                                          | Medical Plan |   |             |   |             |   |
|------------------------------------------|--------------|---|-------------|---|-------------|---|
|                                          | 2011         |   | 2010        |   | 2009        |   |
| Discount rate                            | 5.20         | % | 5.80        | % | 6.10        | % |
| Expected return on plan assets           | 7.00         | % | 7.00        | % | 7.00        | % |
| Expected rate of salary increases        | 3.00         | % | 4.50        | % | 4.50        | % |
| Future medical cost trend rate increases | 5.00%-8.00%  |   | 5.00%-8.00% |   | 5.00%-8.00% |   |

In developing the expected rate of return, the company considers long-term compound annualized returns based on historical and current market data. Using this reference information, the company develops forward-looking return expectations for each asset category and an expected long-term rate of return for a targeted portfolio. Discount rate assumptions were based upon AA-rated corporate bonds of suitable terms and currencies.

The assumed health care cost rates are as follows:

|                                                                | Medical Plan |   |      |   |      |   |
|----------------------------------------------------------------|--------------|---|------|---|------|---|
|                                                                | 2011         |   | 2010 |   | 2009 |   |
| Health care cost trend rate assumed for next year              | 8.00         | % | 7.75 | % | 8.00 | % |
| Rate to which cost trend rate gradually declines               | 5.00         | % | 5.00 | % | 5.00 | % |
| Year the rate reaches level it is assumed to remain thereafter | 2020         |   | 2017 |   | 2015 |   |

A one percent change in the assumed rate of increase in healthcare costs would have the following effects:

| \$ in millions                                 | Increase | Decrease |
|------------------------------------------------|----------|----------|
| Effect on aggregate service and interest costs | 0.3      | (0.3 )   |
| Effect on defined benefit obligation           | 6.1      | (5.1 )   |

#### Plan Assets

The analysis of the plan assets as of December 31, 2011 was as follows:

| \$ in millions                   | Retirement Plans | % Fair Value of Plan Assets | Medical Plan | % Fair Value of Plan Assets |
|----------------------------------|------------------|-----------------------------|--------------|-----------------------------|
| Cash and cash equivalents        | 1.9              | 0.7 %                       | 0.2          | 2.4 %                       |
| Fund investments                 | 126.1            | 43.7 %                      | 8.0          | 97.6 %                      |
| Equity securities                | 107.5            | 37.3 %                      | —            | — %                         |
| Government debt securities       | 38.1             | 13.2 %                      | —            | — %                         |
| Other assets                     | 0.8              | 0.3 %                       | —            | — %                         |
| Guaranteed investments contracts | 13.9             | 4.8 %                       | —            | — %                         |
| Total                            | 288.3            | 100.0 %                     | 8.2          | 100 %                       |

The analysis of the plan assets as of December 31, 2010 was as follows:

| \$ in millions                   | Retirement Plans | Medical Plan |
|----------------------------------|------------------|--------------|
| Cash and cash equivalents        | 5.8              | 0.3          |
| Fund investments                 | 132.9            | 7.6          |
| Equity securities                | 99.6             | 0.2          |
| Government debt securities       | 32.9             | —            |
| Other assets                     | 0.6              | —            |
| Guaranteed investments contracts | 14.2             | —            |
| Total                            | 286.0            | 8.1          |

Plan assets are not held in company stock. The investment policies and strategies for plan assets held by defined benefit plans include:

Funding - to have sufficient assets available to pay members benefits;

Security - to maintain the minimum Funding Requirement;

Stability - to have due regard to the employer's ability in meeting contribution payments given their size and incidence.

Fund investments are primarily held in equity and fixed income strategies.

The following table presents the carrying value of the plan assets, including major security type for equity and debt securities, which are measured at fair value as of December 31, 2011:

| As of December 31, 2011          |                         |                                                                |                                               |                                           |
|----------------------------------|-------------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| \$ in millions                   | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash and cash equivalents        | 0.2                     | 0.2                                                            | —                                             | —                                         |
| Fund investments                 | 134.1                   | 134.1                                                          | —                                             | —                                         |
| Equity securities                | 107.5                   | 107.5                                                          | —                                             | —                                         |
| Government debt securities       | 38.1                    | 12.1                                                           | 26.0                                          | —                                         |
| Other assets                     | 0.8                     | 0.8                                                            | —                                             | —                                         |
| Guaranteed investments contracts | 13.9                    | —                                                              | —                                             | 13.9                                      |
| Total                            | 294.6                   | 254.7                                                          | 26.0                                          | 13.9                                      |

The following table presents the carrying value of the plan assets, including major security type for equity and debt securities, which are measured at fair value as of December 31, 2010:

| As of December 31, 2010          |                         |                                                                |                                               |                                           |
|----------------------------------|-------------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| \$ in millions                   | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash and cash equivalents        | 0.3                     | 0.3                                                            | —                                             | —                                         |
| Fund investments                 | 140.5                   | 140.5                                                          | —                                             | —                                         |
| Equity securities                | 99.8                    | 99.8                                                           | —                                             | —                                         |
| Government debt securities       | 32.9                    | 10.6                                                           | 22.3                                          | —                                         |
| Other assets                     | 0.6                     | 0.6                                                            | —                                             | —                                         |
| Guaranteed investments contracts | 14.2                    | —                                                              | —                                             | 14.2                                      |
| Total                            | 288.3                   | 251.8                                                          | 22.3                                          | 14.2                                      |

The following is a description of the valuation methodologies used for each major category of plan assets measured at fair value. Information about the valuation hierarchy levels used to measure fair value is detailed in Note 3, "Fair Value of Assets and Liabilities."

#### Cash and cash equivalents

Cash equivalents include cash investments in money market funds and time deposits. Cash investments in money market funds are valued under the market approach through the use of quoted market prices in an active market, which is the net asset value of the underlying funds, and are classified within level 1 of the valuation hierarchy. Cash investments in time deposits of \$2.8 million held at December 31, 2011 (December 31, 2010: \$5.8 million) are not included in the table above, as they are not measured at fair value on a recurring basis. Time deposits are valued at cost plus accrued interest, which approximates fair value.

#### Fund investments

These plan assets are primarily invested in affiliated funds and are classified within level 1 of the valuation hierarchy. They are valued at the net asset value of shares held by the plan at year end.

Equity securities, corporate debt securities and other investments

These plan assets are classified within level 1 of the valuation hierarchy and are valued at the closing price reported on the active market on which the individual securities are traded.

Government debt securities

Government debt securities that have a readily available market price are classified within level 1 of the valuation hierarchy. These securities are valued at the closing price reported on the active market on which the individual securities are traded. Government debt securities that include index-linked bonds are classified within level 2 of the valuation hierarchy. Prices for these bonds are calculated using the relevant index ratio.

Guaranteed investment contracts



These plan assets are classified within level 3 of the valuation hierarchy and are valued through use of unobservable inputs by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The following table shows a reconciliation of the beginning and ending fair value measurement for level 3 assets, which is comprised solely of the guaranteed investment contracts, using significant unobservable inputs:

| \$ in millions                                                                        | Year ended<br>December 31,<br>2011 | Year ended<br>December 31,<br>2010 |
|---------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of year                                                            | 14.2                               | 13.9                               |
| Unrealized gains/(losses) relating to the instrument still held at the reporting date | 0.8                                | 2.7                                |
| Purchases, sales, issuances and settlements (net)                                     | (1.1)                              | (2.4)                              |
| Balance, end of year                                                                  | 13.9                               | 14.2                               |

#### Cash Flows

The estimated amounts of contributions expected to be paid to the plans during 2012 are \$6.1 million for retirement plans and \$2.1 million for the medical plan.

There are no future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties.

The benefits expected to be paid in each of the next five fiscal years and in the five fiscal years thereafter are as follows:

| \$ in millions                          | Retirement<br>Plans | Medical Plan |
|-----------------------------------------|---------------------|--------------|
| Expected benefit payments:              |                     |              |
| 2012                                    | 7.8                 | 2.3          |
| 2013                                    | 8.0                 | 2.5          |
| 2014                                    | 8.4                 | 2.7          |
| 2015                                    | 9.8                 | 2.8          |
| 2016                                    | 9.7                 | 2.9          |
| Thereafter in the succeeding five years | 62.1                | 15.0         |

#### 14. OPERATING LEASES

The company leases office space in the majority of its locations of business under non-cancelable operating leases. These leases and commitments expire on varying dates through 2021. Certain leases provide for renewal options and contain escalation clauses providing for increased rent based upon maintenance, utility and tax increases.

As of December 31, 2011, the company's total future commitments by year under non-cancelable operating leases are as follows:

| \$ in millions | Total | Buildings | Other |
|----------------|-------|-----------|-------|
| 2012           | 69.4  | 65.0      | 4.4   |
| 2013           | 67.0  | 62.7      | 4.3   |
| 2014           | 66.1  | 61.9      | 4.2   |
| 2015           | 66.9  | 63.5      | 3.4   |

|                                                                                      |       |       |      |
|--------------------------------------------------------------------------------------|-------|-------|------|
| 2016                                                                                 | 60.1  | 58.3  | 1.8  |
| Thereafter                                                                           | 288.5 | 285.8 | 2.7  |
| Gross lease commitments                                                              | 618.0 | 597.2 | 20.8 |
| Less: future minimum payments expected to be received under non-cancelable subleases | 84.2  | 84.2  | —    |
| Net lease commitments                                                                | 533.8 | 513.0 | 20.8 |

As discussed in Note 1, “Accounting Policies - Security Deposit Assets and Receivables and Security Deposit Payables,” the company is party to master lease agreements with various property owners and is party to sublease agreements with tenants in its capacity as asset manager of property portfolios. The company's future commitments to the property owners is equal to and offset

by the future minimum payments expected to be received from the tenants; therefore, these amounts are not included in the table above.

The company recognized \$64.2 million, \$60.1 million, and \$57.5 million in operating lease expenses in the Consolidated Statements of Income in 2011, 2010 and 2009, respectively. These expenses are net of \$11.4 million, \$11.4 million and \$12.8 million of sublease income in 2011, 2010 and 2009, respectively.

During 2011, the company terminated its sponsorship and associated naming rights commitments related to a sports stadium in Denver, Colorado, resulting in a marketing expense reduction of \$10.4 million recognized in the period from the reversal of a cumulative deferred credit. The termination occurred after ten years of a twenty-year \$120.0 million commitment.

## 15. OTHER GAINS AND LOSSES, NET

The components of other gains and losses, net, are:

| \$ in millions                                                    | 2011  | 2010  | 2009  |
|-------------------------------------------------------------------|-------|-------|-------|
| Other gains:                                                      |       |       |       |
| Gain on sale of investments                                       | 9.4   | 9.9   | 5.9   |
| Unrealized gain on trading investments, net                       | —     | 14.2  | —     |
| Net foreign exchange gains                                        | —     | —     | 8.4   |
| Settlement of litigation <sup>(1)</sup>                           | 45.0  | —     | —     |
| Net gain generated upon debt tender offer                         | —     | —     | 3.3   |
| Total other gains                                                 | 54.4  | 24.1  | 17.6  |
| Other losses:                                                     |       |       |       |
| Other-than-temporary impairment of available-for-sale investments | (1.0) | (7.0) | (8.2) |
| Unrealized loss on trading investments, net                       | (2.6) | —     | —     |
| Net foreign exchange losses                                       | (0.6) | (0.2) | —     |
| Other realized losses                                             | (1.2) | (1.3) | (1.6) |
| Total other losses                                                | (5.4) | (8.5) | (9.8) |
| Other gains and losses, net                                       | 49.0  | 15.6  | 7.8   |

<sup>(1)</sup> Included within other gains and losses in the year ended December 31, 2011 is a credit of \$45.0 million related to the settlement of litigation arising from the 2007 departure of certain investment professionals to a competitor.

## 16. TAXATION

The company's (provision) for income taxes is summarized as follows:

| \$ in millions | 2011    | 2010    | 2009    |
|----------------|---------|---------|---------|
| Current:       |         |         |         |
| Federal        | (94.4)  | (44.6)  | (6.7)   |
| State          | (15.4)  | (9.9)   | (1.4)   |
| Foreign        | (108.7) | (122.8) | (130.3) |
|                | (218.5) | (177.3) | (138.4) |
| Deferred:      |         |         |         |
| Federal        | (54.1)  | (10.2)  | (9.2)   |
| State          | (1.1)   | 2.0     | (0.6)   |
| Foreign        | (12.4)  | (11.5)  | —       |

|                                      |          |          |          |
|--------------------------------------|----------|----------|----------|
|                                      | (67.6 )  | (19.7 )  | (9.8 )   |
| Total income tax (provision)/benefit | (286.1 ) | (197.0 ) | (148.2 ) |

The net deferred tax recognized in our balance sheet at December 31, 2011 and 2010 respectively includes the following:

| \$ in millions                                     | 2011     | 2010     |
|----------------------------------------------------|----------|----------|
| Deferred tax assets:                               |          |          |
| Deferred compensation arrangements                 | 75.7     | 113.1    |
| Accrued rent expenses                              | 19.9     | 14.4     |
| Tax loss carryforwards                             | 140.9    | 130.1    |
| Postretirement medical, pension and other benefits | 40.4     | 28.2     |
| Investment basis differences                       | 22.9     | 17.4     |
| Other                                              | 20.6     | 14.3     |
| Total deferred tax assets                          | 320.4    | 317.5    |
| Valuation allowance                                | (140.9 ) | (129.7 ) |
| Deferred tax assets, net of valuation allowance    | 179.5    | 187.8    |
| Deferred tax liabilities:                          |          |          |
| Deferred sales commissions                         | (14.4 )  | (12.5 )  |
| Goodwill and Intangibles                           | (381.4 ) | (361.1 ) |
| Undistributed earnings of subsidiaries             | (3.5 )   | (3.1 )   |
| Revaluation reserve                                | (5.0 )   | (5.1 )   |
| Other                                              | (20.5 )  | (4.6 )   |
| Total deferred tax liabilities                     | (424.8 ) | (386.4 ) |
| Net deferred tax assets/(liabilities)              | (245.3 ) | (198.6 ) |

A reconciliation between the statutory rate and the effective tax rate on income from operations for the years ended December 31, 2011, 2010 and 2009 is as follows:

|                                                           | 2011  |    | 2010 |    | 2009 |    |
|-----------------------------------------------------------|-------|----|------|----|------|----|
| Statutory Rate                                            | 35.0  | %  | 35.0 | %  | 35.0 | %  |
| Foreign jurisdiction statutory income tax rates           | (10.0 | )% | (9.7 | )% | (7.4 | )% |
| State taxes, net of federal tax effect                    | 1.5   | %  | 1.2  | %  | 1.4  | %  |
| Change in valuation allowance for unrecognized tax losses | 1.5   | %  | 2.3  | %  | 4.2  | %  |
| Other                                                     | 0.2   | %  | 0.9  | %  | (1.7 | )% |
| (Gains)/losses attributable to noncontrolling interests   | 3.3   | %  | (6.1 | )% | 10.0 | %  |
| Effective tax rate per Consolidated Statements of Income  | 31.5  | %  | 23.6 | %  | 41.5 | %  |

The company's subsidiaries operate in several taxing jurisdictions around the world, each with its own statutory income tax rate. As a result, the blended average statutory tax rate will vary from year to year depending on the mix of the profits and losses of the company's subsidiaries. The majority of our profits are earned in the U.S., the U.K., and Canada. The current U.K. statutory tax rate is 26%, the Canadian statutory tax rate is 28.25% and the U.S. Federal statutory tax rate is 35%.

The division of income/(losses) before taxes between U.S. and foreign for the years ended December 31, 2011, 2010 and 2009 is as follows:

| \$ in millions (except percentages)        | 2011     | 2010  | 2009     |
|--------------------------------------------|----------|-------|----------|
| U.S.                                       | 486.4    | 173.8 | 102.3    |
| Consolidated Investment Products - U.S.    | 93.0     | 97.2  | (105.5 ) |
| Total U.S. income before income taxes      | 579.4    | 271.0 | (3.2 )   |
| Foreign                                    | 509.1    | 479.3 | 369.1    |
| Consolidated Investment Products - Foreign | (180.4 ) | 83.5  | (8.4 )   |
| Total Foreign income before income taxes   | 328.7    | 562.8 | 360.7    |
| Income before income taxes                 | 908.1    | 833.8 | 357.5    |

On December 14, 2007, legislation was enacted to reduce the Canadian income tax rate over five years, which changed the rate to 33.5% in 2008 and 33.0% in 2009. The legislation was revised in December 2009, further reducing the rate to 31.0% in 2010, 28.25% in 2011, 26.25% in 2012, 25.5% in 2013, and 25% thereafter. On July 27, 2010, legislation was introduced to reduce the

U.K. income tax rate to 27% on April 1, 2011. On March 29, 2011, the U.K. Parliament approved an additional 1% decrease in the income tax rate, to 26%, effective April 1, 2011, and a further reduction to 25%, effective April 1, 2012, which was finally approved on July 19, 2011 and therefore was enacted for U.S. GAAP purposes during the third quarter. The rate reduction did not have a material impact on our effective tax rate. Further reductions to the rate are proposed to reduce the rate to 24% by April 1, 2013 and 23% by April 1, 2014. These reductions are expected to be introduced in future Finance Bills for each annual reduction.

At December 31, 2011 the company had tax loss carryforwards accumulated in certain taxing jurisdictions in the aggregate of \$428.0 million (2010: \$261.1 million), approximately \$29.9 million of which will expire between 2011 and 2015, \$100.1 million which will expire after 2015, with the remaining \$298.0 million having an indefinite life. A full valuation allowance has been recorded against the deferred tax assets related to these losses based on a history of losses in these taxing jurisdictions which make it unlikely that the deferred tax assets will be realized.

As a multinational corporation, the company operates in various locations around the world and we generate substantially all of our earnings from our subsidiaries. Under ASC 740-30 deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's subsidiaries, consolidated investment products, and joint ventures, except where it is our intention to continue to indefinitely reinvest the undistributed earnings. Our Canadian and U.S. subsidiaries continue to be directly owned by Invesco Holding Company Limited, a U.K. company, which is directly owned by Invesco Ltd. Our Canadian unremitted earnings, for which we are indefinitely reinvested, are estimated to be \$977.2 million at December 31, 2011, compared with \$963.0 million at December 31, 2010. If distributed as a dividend, Canadian withholding tax of 5.0% would be due. Dividends from our investment in the U.S. should not give rise to additional tax as we are not subject to withholding tax between the U.S. and U.K. Deferred tax liabilities in the amount of \$3.5 million (2010: \$3.1 million) for additional tax have been recognized for unremitted earnings of certain subsidiaries that have regularly remitted earnings and are expected to continue to remit earnings in the foreseeable future. The U.K. dividend exemption should apply to the remainder of our U.K. subsidiary investments. There is no additional tax on dividends from the U.K. to Bermuda.

The company and its subsidiaries file annual income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and in numerous foreign jurisdictions. A number of years may elapse before an uncertain tax position, for which the company has unrecognized tax benefits, is finally resolved. To the extent that the company has favorable tax settlements, or determines that accrued amounts are no longer needed due to a lapse in the applicable statute of limitations or other change in circumstances, such liabilities, as well as the related interest and penalty, would be reversed as a reduction of income tax expense (net of federal tax effects, if applicable) in the period such determination is made. At January 1, 2011, the company had approximately \$27.1 million of gross unrecognized income tax benefits (UTBs). Of this total, \$20.1 million (net of tax benefits in other jurisdictions and the federal benefit of state taxes) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate in future periods. A reconciliation of the change in the UTB balance from January 1, 2009, to December 31, 2011, is as follows:

| \$ in millions                                            | Gross<br>Unrecognized<br>Income Tax<br>Benefits |
|-----------------------------------------------------------|-------------------------------------------------|
| Balance at January 1, 2009                                | 55.9                                            |
| Additions for tax positions related to the current year   | 0.3                                             |
| Additions for tax positions related to prior years        | 4.1                                             |
| Other reductions for tax positions related to prior years | (6.0)                                           |
| Reductions for statute closings                           | (15.3)                                          |
| Balance at December 31, 2009                              | 39.0                                            |
| Additions for tax positions related to the current year   | —                                               |

|                                                           |       |   |
|-----------------------------------------------------------|-------|---|
| Additions for tax positions related to prior years        | 1.8   |   |
| Other reductions for tax positions related to prior years | (0.5  | ) |
| Reductions for statute closings                           | (13.2 | ) |
| Balance at December 31, 2010                              | 27.1  |   |
| Additions for tax positions related to the current year   | —     |   |
| Additions for tax positions related to prior years        | 1.4   |   |
| Other reductions for tax positions related to prior years | (5.2  | ) |
| Reductions for statute closings                           | (3.8  | ) |
| Balance at December 31, 2011                              | 19.5  |   |



The company recognizes accrued interest and penalties, as appropriate, related to unrecognized tax benefits as a component of the income tax provision. At December 31, 2011, the total amount of gross unrecognized tax benefits was \$19.5 million. Of this total, \$14.5 million (net of tax benefits in other jurisdictions and the federal benefit of state taxes) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate in future periods. The Consolidated Balance Sheet includes accrued interest and penalties of \$5.7 million at December 31, 2011, reflecting \$0.3 million of tax accrued in 2011 (year ended December 31, 2010: \$5.6 million accrued interest and penalties, \$7.7 million tax benefit realized). As a result of the anticipated legislative changes and potential settlements with taxing authorities, it is reasonably possible that the company's gross unrecognized tax benefits balance may change within the next twelve months by a range of zero to \$10.0 million. The company and its subsidiaries are periodically examined by various taxing authorities. With few exceptions, the company is no longer subject to income tax examinations by the primary tax authorities for years prior to 2003. Management monitors changes in tax statutes and regulations and the issuance of judicial decisions to determine the potential impact to uncertain income tax positions. As of December 31, 2011, management had identified no other potential subsequent events that could have a significant impact on the unrecognized tax benefits balance.

## 17. EARNINGS PER SHARE

The calculation of earnings per share is as follows:

| \$ in millions, except per share data | Net Income<br>Attributable<br>to Common<br>Shareholders | Weighted<br>Average<br>Number of<br>Shares | Per Share<br>Amount |
|---------------------------------------|---------------------------------------------------------|--------------------------------------------|---------------------|
| For the year ended December 31, 2011  |                                                         |                                            |                     |
| Basic earnings per share              | \$729.7                                                 | 462.9                                      | \$1.58              |
| Dilutive effect of share-based awards | —                                                       | 1.8                                        | —                   |
| Diluted earnings per share            | \$729.7                                                 | 464.7                                      | \$1.57              |
| For the year ended December 31, 2010  |                                                         |                                            |                     |
| Basic earnings per share              | \$465.7                                                 | 460.4                                      | \$1.01              |
| Dilutive effect of share-based awards | —                                                       | 2.8                                        | —                   |
| Diluted earnings per share            | \$465.7                                                 | 463.2                                      | \$1.01              |
| For the year ended December 31, 2009  |                                                         |                                            |                     |
| Basic earnings per share              | \$322.5                                                 | 417.2                                      | \$0.77              |
| Dilutive effect of share-based awards | —                                                       | 6.4                                        | —                   |
| Diluted earnings per share            | \$322.5                                                 | 423.6                                      | \$0.76              |

See Note 12, "Share-Based Compensation," for a summary of share awards outstanding under the company's share-based payment programs. These programs could result in the issuance of common shares that would affect the measurement of basic and diluted earnings per share.

Options to purchase 0.1 million common shares at a weighted average exercise price of £18.11 were outstanding during the year ended December 31, 2011 (December 31, 2010: 5.7 million share options at a weighted average exercise price of £19.47; December 31, 2009: 9.6 million share options at a weighted average exercise price of £20.30), but were not included in the computation of diluted earnings per share because the option's exercise price was greater than the average market price of the common shares and therefore their inclusion would have been anti-dilutive.

There were no time-vested share awards that were excluded from the computation of diluted earnings per share during the years ended December 31, 2011, 2010, and 2009 due to their inclusion being anti-dilutive. There were no contingently issuable shares excluded from the diluted earnings per share computation during year ended

December 31, 2011 (December 31, 2010: none; December 31, 2009: 1.4 million contingently issuable shares), because the necessary performance conditions for the shares to be issuable had not yet been satisfied at the end of the respective period.

## 18. GEOGRAPHIC INFORMATION

The company operates under one business segment, investment management. Geographical information is presented below. There are no revenues or long-lived assets attributed to the company's country of domicile, Bermuda.

| \$ in millions                       | U.S.    | U.K./Ireland | Canada  | Continental Europe | Asia  | Total   |
|--------------------------------------|---------|--------------|---------|--------------------|-------|---------|
| For the year ended December 31, 2011 |         |              |         |                    |       |         |
| Revenue from external customers      | 2,090.2 | 1,473.1      | 372.3   | 38.8               | 117.8 | 4,092.2 |
| Inter-company revenue                | (8.1 )  | (152.8 )     | (14.1 ) | 76.7               | 98.3  | —       |
| Total operating revenues             | 2,082.1 | 1,320.3      | 358.2   | 115.5              | 216.1 | 4,092.2 |
| Long-lived assets                    | 196.7   | 81.5         | 7.9     | 4.9                | 21.8  | 312.8   |
| For the year ended December 31, 2010 |         |              |         |                    |       |         |
| Revenue from external customers      | 1,680.8 | 1,305.8      | 370.7   | 44.3               | 86.1  | 3,487.7 |
| Inter-company revenue                | 9.8     | (131.3 )     | (10.1 ) | 56.3               | 75.3  | —       |
| Total operating revenues             | 1,690.6 | 1,174.5      | 360.6   | 100.6              | 161.4 | 3,487.7 |
| Long-lived assets                    | 169.3   | 79.6         | 7.6     | 2.8                | 13.1  | 272.4   |
| For the year ended December 31, 2009 |         |              |         |                    |       |         |
| Revenue from external customers      | 1,131.6 | 1,037.9      | 353.1   | 42.8               | 61.9  | 2,627.3 |
| Inter-company revenue                | 11.0    | (103.7 )     | (8.8 )  | 43.4               | 58.1  | —       |
| Total operating revenues             | 1,142.6 | 934.2        | 344.3   | 86.2               | 120.0 | 2,627.3 |
| Long-lived assets                    | 127.2   | 75.0         | 7.7     | 3.1                | 7.7   | 220.7   |

Operating revenues reflect the geographical regions from which services are provided.

## 19. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies may arise in the ordinary course of business.

## Off Balance Sheet Commitments

The company has transactions with various private equity, real estate and other investment entities sponsored by the company for the investment of client assets in the normal course of business. Many of the company's investment products are structured as limited partnerships. The company's investment may take the form of the general partner or a limited partner, and the entities are structured such that each partner makes capital commitments that are to be drawn down over the life of the partnership as investment opportunities are identified. At December 31, 2011, the company's undrawn capital commitments were \$161.2 million (December 31, 2010: \$136.4 million).

During 2007, Invesco elected to enter into contingent support agreements for two of its investment trusts to enable them to sustain a stable pricing structure. These two trusts are unregistered trusts that invest in fixed income securities and are available only to limited types of investors. In December 31, 2011, the agreements were amended to extend the term through June 30, 2012; further extensions are likely. As of December 31, 2011, the total committed support under these agreements was \$41.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company. The estimated value of these agreements at December 31, 2011, was \$1.0 million (December 31, 2010: \$2.0 million), which was recorded in other current liabilities on the Condensed Consolidated Balance Sheet. The estimated value of these agreements is lower than the maximum support amount, reflecting management's estimation that the likelihood of funding under the support agreements is low. Significant investor redemptions out of the trusts before the scheduled maturity of the underlying securities or significant credit default issues of the securities held within the trusts' portfolios could change the company's estimation of likelihood of funding. No payment has been made under either agreement nor has Invesco realized any loss from the support

agreements through the date of this Report. These trusts were not consolidated because the company was not deemed to be the primary beneficiary.

The Parent and various company subsidiaries have entered into agreements with financial institutions to guarantee certain obligations of other company subsidiaries. The company would be required to perform under these guarantees in the event of certain defaults. The company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

## Legal Contingencies

In July 2010, various closed-end funds formerly advised by Van Kampen Investments or Morgan Stanley Investment Management included in the acquired business had complaints filed against them in New York State Court commencing derivative lawsuits purportedly brought on behalf of the common shareholders of those funds. The funds are nominal defendants in these derivative lawsuits and the defendants also include Van Kampen Investments (acquired by Invesco on June 1, 2010), Morgan Stanley Investment Management and certain officers and trustees of the funds who are or were employees of those firms. Invesco has certain obligations under the applicable acquisition agreement regarding the defense costs and any damages associated with this litigation. The plaintiffs allege breaches of fiduciary duties owed by the non-fund defendants to the funds' common shareholders related to the funds' redemption in prior periods of Auction Rate Preferred Securities (ARPS) theretofore issued by the funds. The complaints are similar to other complaints filed against investment advisers, officers and trustees of closed-end funds in other fund complexes which issued and redeemed ARPS. The complaints allege that the advisers, distributors and certain officers and trustees of those funds breached their fiduciary duty by redeeming ARPS at their liquidation value when there was no obligation to do so and when the value of ARPS in the secondary marketplace were significantly below their liquidation value. The complaints also allege that the ARPS redemptions were principally motivated by the fund sponsors' interests to preserve distribution relationships with brokers and other financial intermediaries who held ARPS after having repurchased them from their own clients. The complaints do not specify alleged damages. Certain other funds included in the acquired business have received demand letters expressing similar allegations. Such demand letters could be precursors to additional similar lawsuits being commenced against those other funds. The Boards of Trustees of the funds established special committees of independent trustees to conduct an inquiry regarding the allegations set forth in the complaints and demand letters. Those evaluations have been completed, and the Boards of Trustees of the funds accepted the recommendation of their special litigation committees to (i) reject the demands contained in the demand letters and (ii) to seek dismissal of the related lawsuits. Motions to dismiss were filed on October 4, 2011 and are pending.

Invesco believes the cases and other claims identified above should be dismissed or otherwise will terminate, although there can be no assurance of that result. Invesco intends to defend vigorously any cases which may survive beyond initial motions to dismiss. The company cannot predict with certainty, however, the eventual outcome of such cases and other claims, nor whether they will have a material negative impact on the company. The nature and progression of litigation can make it difficult to predict the impact a particular lawsuit will have on the company. There are many reasons that the company cannot make these assessments, including, among others, one or more of the following: the proceeding is in its early stages; the damages sought are unspecified, unsupportable, unexplained or uncertain; the claimant is seeking relief other than compensatory damages; the matter presents novel legal claims or other meaningful legal uncertainties; discovery has not started or is not complete; there are significant facts in dispute; and there are other parties who may share in any ultimate liability.

The company is from time to time involved in litigation relating to other claims arising in the ordinary course of its business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the company's business, financial position, results of operation or liquidity. In management's opinion, adequate accrual has been made as of December 31, 2011 to provide for any such losses that may arise from matters for which the company could reasonably estimate an amount. Furthermore, in management's opinion, it is not possible to estimate a range of reasonably possible losses with respect to other litigation contingencies.

The investment management industry also is subject to extensive levels of ongoing regulatory oversight and examination. In the United States and other jurisdictions in which the company operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to compliance with applicable laws and regulations. Additional lawsuits or regulatory enforcement actions arising out of these inquiries may in the future be filed against the company and related entities and individuals in the U.S. and other

jurisdictions in which the company and its affiliates operate. Any material loss of investor and/or client confidence as a result of such inquiries and/or litigation could result in a significant decline in assets under management, which would have an adverse effect on the company's future financial results and its ability to grow its business.

## 20. CONSOLIDATED INVESTMENT PRODUCTS

The company's risk with respect to each investment in consolidated investment products is limited to its equity ownership and any uncollected management fees. Therefore, the gains or losses of consolidated investment products have not had a significant impact on the company's results of operations, liquidity or capital resources. The company has no right to the benefits from, nor does it bear the risks associated with, these investments, beyond the company's minimal direct investments in, and management fees generated from, the investment products. If the company were to liquidate, these investments would not be available to the general creditors of the company, and as a result, the company does not consider investments held by consolidated investment products to be company assets. Additionally, the collateral assets of consolidated collateralized loan obligations (CLOs) are held

solely to satisfy the obligations of the CLOs, and the investors in the consolidated CLOs have no recourse to the general credit of the company for the notes issued by the CLOs.

#### Collateralized Loan Obligations

A significant portion of consolidated investment products are CLOs. CLOs are investment vehicles created for the sole purpose of issuing collateralized loan instruments that offer investors the opportunity for returns that vary with the risk level of their investment. The notes issued by the CLOs are backed by diversified collateral asset portfolios consisting primarily of loans or structured debt. For managing the collateral for the CLO entities, the company earns investment management fees, including in some cases subordinated management fees, as well as contingent incentive fees. The company has invested in certain of the entities, generally taking a portion of the unrated, junior subordinated position. The company's investments in CLOs are generally subordinated to other interests in the entities and entitle the company and other subordinated tranche investors to receive the residual cash flows, if any, from the entities. The company's subordinated interest can take the form of (1) subordinated notes, (2) income notes or (3) preference/preferred shares. The company has determined that, although the junior tranches have certain characteristics of equity, they should be accounted for and disclosed as debt on the company's Consolidated Balance Sheet, as the subordinated and income notes have a stated maturity indicating a date for which they are mandatorily redeemable. The preference shares are also classified as debt, as redemption is required only upon liquidation or termination of the CLO and not of the company.

Prior to the adoption of guidance now encompassed in ASC Topic 810 (discussed in Note 1, "Accounting Policies"), the company's ownership interests, which were classified as available-for-sale investments on the company's Consolidated Balance Sheets, combined with its other interests (management and incentive fees), were quantitatively assessed to determine if the company is the primary beneficiary of these entities. The company determined, for periods prior to the adoption of this guidance, that it did not absorb the majority of the expected gains or losses from the CLOs and therefore was not their primary beneficiary.

Upon adoption of additional guidance now encompassed in ASC Topic 810, the company determined that it was the primary beneficiary of certain CLOs, as it has the power to direct the activities of the CLOs that most significantly impact the CLOs' economic performance, and the obligation to absorb losses/right to receive benefits from the CLOs that could potentially be significant to the CLOs. The primary beneficiary assessment includes an analysis of the rights of the company in its capacity as investment manager. In certain CLOs, the company's role as investment manager provides that the company contractually has the power, as defined in ASC Topic 810, to direct the activities of the CLOs that most significantly impact the CLOs' economic performance, such as managing the collateral portfolio and its credit risk. In other CLOs, the company determined that it does not have this power in its role as investment manager due to certain restrictions that limit its ability to manage the collateral portfolio and its credit risk. Additionally, the primary beneficiary assessment includes an analysis of the company's rights to receive benefits and obligations to absorb losses associated with its first loss position and management/incentive fees. As part of this analysis, the company uses a quantitative model to corroborate its qualitative assessments. The quantitative model includes an analysis of the expected performance of the CLOs and a comparison of the company's absorption of this performance relative to the other investors in the CLOs. The company has determined that it could receive significant benefits and/or absorb significant losses from certain CLOs in which it holds a first loss position and has the right to significant fees. It was determined that the company's benefits and losses from certain other CLOs could not be significant, particularly in situations where the company does not hold a first loss position and where the fee interests are based upon a fixed percentage of collateral asset value.

Private equity, real estate and fund-of-funds (partnerships)

For investment products that are structured as partnerships and are determined to be VIEs, including private equity funds, real estate funds and fund-of-funds products, the company evaluates the structure of the partnership to determine if it is the primary beneficiary of the investment product. This evaluation includes assessing the rights of the limited partners to transfer their economic interests in the investment product. If the limited partners lack rights to manage their economic interests, they are considered to be de facto agents of the company, resulting in the company determining that it is the primary beneficiary of the investment product. The company generally takes less than a 1% investment in these entities as the general partner. Non-VIE general partnership investments are deemed to be controlled by the company and are consolidated under a voting interest entity (VOE) model, unless the limited partners have the substantive ability to remove the general partner without cause based upon a simple majority vote or can otherwise dissolve the partnership, or unless the limited partners have substantive participating rights over decision-making. Interests in unconsolidated private equity funds, real estate funds and fund-of-funds products are classified as equity method investments in the company's Consolidated Balance Sheets.



## Other investment products

As discussed in Note 19, "Commitments and Contingencies," the company has entered into contingent support agreements for two of its investment trusts to enable them to sustain a stable pricing structure, creating variable interests in these VIEs. The company earns management fees from the trusts and has a small investment in one of these trusts. The company was not deemed to be the primary beneficiary of these trusts after considering any explicit and implicit variable interests in relation to the total expected gains and losses of the trusts.

At December 31, 2011, the company's maximum risk of loss in significant VIEs in which the company is not the primary beneficiary is presented in the table below.

| \$ in millions                               | Footnote Reference | Carrying Value | Company's Maximum Risk of Loss |
|----------------------------------------------|--------------------|----------------|--------------------------------|
| Partnership and trust investments            | —                  | 32.1           | 32.1                           |
| Investments in Invesco Mortgage Capital Inc. | —                  | 25.5           | 25.5                           |
| Support agreements*                          | 19                 | (1.0 )         | 41.0                           |
| Total                                        |                    |                | 98.6                           |

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\* As of December 31, 2011, the committed support under these agreements was \$41.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company.

During the year ended December 31, 2010, entities were consolidated due to the adoption of guidance now encompassed in ASC Topic 810 as detailed in Note 1 - "Accounting Policies" and business combinations. As a result of the acquisition of Morgan Stanley's retail asset management business, CLOs with total assets of \$805.4 million were consolidated as of June 1, 2010 and increased appropriated retained earnings by \$149.4 million at that date. As a result of the acquisition of AIG Asia Real Estate, certain real estate funds with total assets of \$385.9 million were consolidated at December 31, 2010 and increased equity attributable to noncontrolling interests in consolidated entities by \$363.6 million. The table below illustrates the summary balance sheet amounts related to these entities consolidated during the year ended December 31, 2010. Balances are reflective of the amounts at the respective consolidation dates and are before consolidation into the company. No new entities were consolidated in 2011.

## Balance Sheet

|                              | For the year ended December 31, 2010 |       |
|------------------------------|--------------------------------------|-------|
| \$ in millions               | CLOs - VIEs                          | VOEs  |
| Current assets               | 281.6                                | 96.0  |
| Non-current assets           | 6,188.1                              | 289.9 |
| Total assets                 | 6,469.7                              | 385.9 |
| Current liabilities          | 162.6                                | 1.6   |
| Non-current liabilities      | 5,883.4                              | —     |
| Total liabilities            | 6,046.0                              | 1.6   |
| Total equity                 | 423.7                                | 384.3 |
| Total liabilities and equity | 6,469.7                              | 385.9 |



The following tables reflect the impact of consolidation of investment products into the Consolidated Balance Sheets as of December 31, 2011 and December 31, 2010, and the Consolidated Statements of Income for the years ended December 31, 2011, 2010 and 2009.

Summary Balance Sheet Impact of Consolidated Investment Products

| \$ in millions                                                                   | CLOs -<br>VIEs <sup>(1)</sup> | Other<br>VIEs | VOEs    | Adjustments <sup>(1)</sup> | Subtotal -<br>Impact of<br>Consolidated<br>Investment<br>Products | Invesco Ltd.<br>Consolidated |
|----------------------------------------------------------------------------------|-------------------------------|---------------|---------|----------------------------|-------------------------------------------------------------------|------------------------------|
| As of December 31, 2011                                                          |                               |               |         |                            |                                                                   |                              |
| Current assets                                                                   | 394.5                         | 3.1           | 113.7   | (29.9 )                    | 481.4                                                             | 3,834.1                      |
| Non-current assets                                                               | 5,682.3                       | 42.8          | 903.8   | (92.5 )                    | 6,536.4                                                           | 15,512.9                     |
| Total assets                                                                     | 6,076.8                       | 45.9          | 1,017.5 | (122.4 )                   | 7,017.8                                                           | 19,347.0                     |
| Current liabilities                                                              | 179.2                         | 0.4           | 5.8     | (29.9 )                    | 155.5                                                             | 2,974.4                      |
| Long-term debt of consolidated investment products                               | 5,563.3                       | —             | —       | (50.4 )                    | 5,512.9                                                           | 5,512.9                      |
| Other non-current liabilities                                                    | —                             | —             | —       | —                          | —                                                                 | 1,722.1                      |
| Total liabilities                                                                | 5,742.5                       | 0.4           | 5.8     | (80.3 )                    | 5,668.4                                                           | 10,209.4                     |
| Retained earnings appropriated for investors in consolidated investment products | 334.3                         | —             | —       | —                          | 334.3                                                             | 334.3                        |
| Other equity attributable to common shareholders                                 | —                             | 0.1           | 43.1    | (42.1 )                    | 1.1                                                               | 7,784.8                      |
| Equity attributable to noncontrolling interests in consolidated entities         | —                             | 45.4          | 968.6   | —                          | 1,014.0                                                           | 1,018.5                      |
| Total liabilities and equity                                                     | 6,076.8                       | 45.9          | 1,017.5 | (122.4 )                   | 7,017.8                                                           | 19,347.0                     |
| As of December 31, 2010                                                          |                               |               |         |                            |                                                                   |                              |
| Current assets                                                                   | 679.3                         | 3.7           | 133.8   | (22.3 )                    | 794.5                                                             | 4,274.5                      |
| Non-current assets                                                               | 6,204.6                       | 59.6          | 941.3   | (61.0 )                    | 7,144.5                                                           | 16,169.6                     |
| Total assets                                                                     | 6,883.9                       | 63.3          | 1,075.1 | (83.3 )                    | 7,939.0                                                           | 20,444.1                     |
| Current liabilities                                                              | 500.2                         | 0.9           | 7.8     | (22.3 )                    | 486.6                                                             | 3,264.5                      |
| Long-term debt of consolidated investment products                               | 5,888.2                       | —             | —       | (22.8 )                    | 5,865.4                                                           | 5,865.4                      |
| Other non-current liabilities                                                    | —                             | —             | —       | —                          | —                                                                 | 1,953.3                      |
| Total liabilities                                                                | 6,388.4                       | 0.9           | 7.8     | (45.1 )                    | 6,352.0                                                           | 11,083.2                     |
| Retained earnings appropriated for investors in consolidated investment products | 495.5                         | —             | —       | —                          | 495.5                                                             | 495.5                        |
| Other equity attributable to common shareholders                                 | —                             | 0.1           | 38.1    | (38.2 )                    | —                                                                 | 7,769.1                      |
| Equity attributable to noncontrolling interests in consolidated entities         | —                             | 62.3          | 1,029.2 | —                          | 1,091.5                                                           | 1,096.3                      |

|                              |         |      |         |       |   |         |          |
|------------------------------|---------|------|---------|-------|---|---------|----------|
| Total liabilities and equity | 6,883.9 | 63.3 | 1,075.1 | (83.3 | ) | 7,939.0 | 20,444.1 |
|------------------------------|---------|------|---------|-------|---|---------|----------|

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(1) Adjustments include the elimination of intercompany transactions between the company and its consolidated investment products, primarily the elimination of the company's equity at risk recorded as investments by the company (before consolidation) against either equity (private equity and real estate partnership funds) or subordinated debt (CLOs) of the funds.

## Summary Income Statement Impact of Consolidated Investment Products

| \$ in millions                                                                        | CLOs -<br>VIEs | Other<br>VIEs | VOEs    | Adjustments <sup>(1)(2)</sup> | Subtotal -<br>Impact of<br>Consolidated<br>Investment<br>Products | Invesco Ltd.<br>Consolidated |
|---------------------------------------------------------------------------------------|----------------|---------------|---------|-------------------------------|-------------------------------------------------------------------|------------------------------|
| Year ended December 31, 2011                                                          |                |               |         |                               |                                                                   |                              |
| Total operating revenues                                                              | —              | —             | 0.1     | (47.3 )                       | (47.2 )                                                           | 4,092.2                      |
| Total operating expenses                                                              | 46.7           | 1.0           | 12.6    | (47.3 )                       | 13.0                                                              | 3,194.1                      |
| Operating income                                                                      | (46.7 )        | (1.0 )        | (12.5 ) | —                             | (60.2 )                                                           | 898.1                        |
| Equity in earnings of unconsolidated affiliates                                       | —              | —             | —       | (0.2 )                        | (0.2 )                                                            | 30.5                         |
| Interest and dividend income                                                          | 307.2          | —             | —       | (8.3 )                        | 298.9                                                             | 318.2                        |
| Other investment income/(losses)                                                      | (235.1 )       | 1.0           | 74.9    | 20.3                          | (138.9 )                                                          | (89.9 )                      |
| Interest expense                                                                      | (195.3 )       | —             | —       | 8.3                           | (187.0 )                                                          | (248.8 )                     |
| Income before income taxes                                                            | (169.9 )       | —             | 62.4    | 20.1                          | (87.4 )                                                           | 908.1                        |
| Income tax provision                                                                  | —              | —             | —       | —                             | —                                                                 | (286.1 )                     |
| Net income                                                                            | (169.9 )       | —             | 62.4    | 20.1                          | (87.4 )                                                           | 622.0                        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | 169.9          | —             | (62.3 ) | —                             | 107.6                                                             | 107.7                        |
| Net income attributable to common shareholders                                        | —              | —             | 0.1     | 20.1                          | 20.2                                                              | 729.7                        |

| \$ in millions                                                                        | CLOs -<br>VIEs | Other<br>VIEs | VOEs    | Adjustments <sup>(1)(2)</sup> | Subtotal -<br>Impact of<br>Consolidated<br>Investment<br>Products | Invesco Ltd.<br>Consolidated |
|---------------------------------------------------------------------------------------|----------------|---------------|---------|-------------------------------|-------------------------------------------------------------------|------------------------------|
| Year ended December 31, 2010                                                          |                |               |         |                               |                                                                   |                              |
| Total operating revenues                                                              | —              | —             | 0.3     | (45.3 )                       | (45.0 )                                                           | 3,487.7                      |
| Total operating expenses                                                              | 41.4           | 1.6           | 12.3    | (45.3 )                       | 10.0                                                              | 2,897.8                      |
| Operating income                                                                      | (41.4 )        | (1.6 )        | (12.0 ) | —                             | (55.0 )                                                           | 589.9                        |
| Equity in earnings of unconsolidated affiliates                                       | —              | —             | —       | (0.6 )                        | (0.6 )                                                            | 40.2                         |
| Interest and dividend income                                                          | 246.0          | —             | —       | (5.1 )                        | 240.9                                                             | 251.3                        |
| Other investment income/(losses)                                                      | (3.8 )         | 6.9           | 104.5   | 6.4                           | 114.0                                                             | 129.6                        |
| Interest expense                                                                      | (123.7 )       | —             | —       | 5.1                           | (118.6 )                                                          | (177.2 )                     |
| Income before income taxes                                                            | 77.1           | 5.3           | 92.5    | 5.8                           | 180.7                                                             | 833.8                        |
| Income tax provision                                                                  | —              | —             | —       | —                             | —                                                                 | (197.0 )                     |
| Net income                                                                            | 77.1           | 5.3           | 92.5    | 5.8                           | 180.7                                                             | 636.8                        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | (77.1 )        | (5.3 )        | (88.4 ) | (0.1 )                        | (170.9 )                                                          | (171.1 )                     |
| Net income attributable to common shareholders                                        | —              | —             | 4.1     | 5.7                           | 9.8                                                               | 465.7                        |



| \$ in millions                                                                        | VIEs    | VOEs     | Adjustments <sup>(2)</sup> | Subtotal -<br>Impact of<br>Consolidated<br>Investment<br>Products | Invesco Ltd.<br>Consolidated |
|---------------------------------------------------------------------------------------|---------|----------|----------------------------|-------------------------------------------------------------------|------------------------------|
| Year ended December 31, 2009                                                          |         |          |                            |                                                                   |                              |
| Total operating revenues                                                              | 0.3     | 1.6      | (7.9 )                     | (6.0 )                                                            | 2,627.3                      |
| Total operating expenses                                                              | 1.8     | 9.6      | (7.9 )                     | 3.5                                                               | 2,143.0                      |
| Operating income                                                                      | (1.5 )  | (8.0 )   | —                          | (9.5 )                                                            | 484.3                        |
| Equity in earnings of unconsolidated affiliates                                       | —       | —        | 2.5                        | 2.5                                                               | 27.0                         |
| Interest and dividend income                                                          | —       | —        | —                          | —                                                                 | 9.8                          |
| Other investment income/(losses)                                                      | (11.6 ) | (95.3 )  | —                          | (106.9 )                                                          | (99.1 )                      |
| Interest expense                                                                      | —       | —        | —                          | —                                                                 | (64.5 )                      |
| Income before income taxes                                                            | (13.1 ) | (103.3 ) | 2.5                        | (113.9 )                                                          | 357.5                        |
| Income tax provision                                                                  | —       | —        | —                          | —                                                                 | (148.2 )                     |
| Net income/(loss)                                                                     | (13.1 ) | (103.3 ) | 2.5                        | (113.9 )                                                          | 209.3                        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | 13.1    | 100.8    | —                          | 113.9                                                             | 113.2                        |
| Net income attributable to common shareholders                                        | —       | (2.5 )   | 2.5                        | —                                                                 | 322.5                        |

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- Invesco's equity interest in the investment products before consolidation is accounted for as equity method (private equity and real estate partnership funds) and available-for-sale investments (CLOs). Upon consolidation of the CLOs, the company's and the CLOs' accounting policies are effectively aligned, resulting in the reclassification of the company's gain for the year ended December 31, 2011 of \$20.3 million (representing the increase in the market value of the company's holding in the consolidated CLOs) from other comprehensive income into other gains/losses (year ended December 31, 2010: \$6.4 million). The company's gain on its investment in the CLOs (before consolidation) eliminates with the company's share of the offsetting loss on the CLOs' debt. The net income arising from consolidation of CLOs is therefore completely attributed to other investors in these CLOs, as the company's share has been eliminated through consolidation. The accounting guidance now encompassed in ASC 810 was effective January 1, 2010. Prior periods were not required to be restated for the consolidation of the CLOs. Adjustments include the elimination of intercompany transactions between the company and its consolidated investment products, primarily the elimination of management fees expensed by the funds and recorded as operating revenues (before consolidation) by the company.

The carrying value of investments held, derivative contracts, and notes issued by consolidated investment products is also their fair value. The following tables present the fair value hierarchy levels of investments held, derivative contracts, and notes issued by consolidated investment products, which are measured at fair value as of December 31, 2011 and December 31, 2010:

| \$ in millions                              | As of December 31, 2011 |                                                                |                                               |                                           |
|---------------------------------------------|-------------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                             | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets:                                     |                         |                                                                |                                               |                                           |
| CLO collateral assets:                      |                         |                                                                |                                               |                                           |
| Bank loans                                  | 5,354.3                 | —                                                              | 5,354.3                                       | —                                         |
| Bonds                                       | 292.8                   | —                                                              | 292.8                                         | —                                         |
| Equity securities                           | 35.3                    | —                                                              | 35.3                                          | —                                         |
| CLO-related derivative assets               | 10.8                    | —                                                              | 10.8                                          | —                                         |
| Private equity fund assets:                 |                         |                                                                |                                               |                                           |
| Equity securities                           | 138.2                   | 11.4                                                           | 0.1                                           | 126.7                                     |
| Debt Securities                             | 10.0                    | —                                                              | —                                             | 10.0                                      |
| Investments in other private equity funds   | 559.5                   | —                                                              | —                                             | 559.5                                     |
| Debt securities issued by the U.S. Treasury | 6.0                     | 6.0                                                            | —                                             | —                                         |
| Real estate investments                     | 232.9                   | —                                                              | —                                             | 232.9                                     |
| Total assets at fair value                  | 6,639.8                 | 17.4                                                           | 5,693.3                                       | 929.1                                     |
| Liabilities:                                |                         |                                                                |                                               |                                           |
| CLO notes                                   | (5,512.9 )              | —                                                              | —                                             | (5,512.9 )                                |
| CLO-related derivative liabilities          | (5.8 )                  | —                                                              | (5.8 )                                        | —                                         |
| Total liabilities at fair value             | (5,518.7 )              | —                                                              | (5.8 )                                        | (5,512.9 )                                |

| \$ in millions                              | As of December 31, 2010 |                                                                |                                               |                                           |
|---------------------------------------------|-------------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                             | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets:                                     |                         |                                                                |                                               |                                           |
| CLO collateral assets:                      |                         |                                                                |                                               |                                           |
| Bank loans                                  | 5,910.6                 | —                                                              | 5,910.6                                       | —                                         |
| Bonds                                       | 261.1                   | —                                                              | 261.1                                         | —                                         |
| Equity securities                           | 32.9                    | —                                                              | 32.9                                          | —                                         |
| CLO-related derivative assets               | 20.2                    | —                                                              | 20.2                                          | —                                         |
| Private equity fund assets:                 |                         |                                                                |                                               |                                           |
| Equity securities                           | 114.4                   | 17.6                                                           | —                                             | 96.8                                      |
| Investments in other private equity funds   | 586.1                   | —                                                              | —                                             | 586.1                                     |
| Debt securities issued by the U.S. Treasury | 11.0                    | 11.0                                                           | —                                             | —                                         |
| Real estate investments                     | 289.9                   | —                                                              | —                                             | 289.9                                     |
| Total assets at fair value                  | 7,226.2                 | 28.6                                                           | 6,224.8                                       | 972.8                                     |
| Liabilities:                                |                         |                                                                |                                               |                                           |



|                                    |            |   |        |            |
|------------------------------------|------------|---|--------|------------|
| CLO notes                          | (5,865.4 ) | — | —      | (5,865.4 ) |
| CLO-related derivative liabilities | (6.6 )     | — | (6.6 ) | —          |
| Total liabilities at fair value    | (5,872.0 ) | — | (6.6 ) | (5,865.4 ) |

The following table shows a reconciliation of the beginning and ending fair value measurements for level 3 assets and liabilities using significant unobservable inputs:

| \$ in millions                                                    | Year ended December 31,<br>2011 |                        | Year ended December 31,<br>2010 |                        |
|-------------------------------------------------------------------|---------------------------------|------------------------|---------------------------------|------------------------|
|                                                                   | Level 3<br>Assets               | Level 3<br>Liabilities | Level 3<br>Assets               | Level 3<br>Liabilities |
| Beginning balance                                                 | 972.8                           | (5,865.4 )             | 667.1                           | (5,234.9 )             |
| Purchases, sales, issuances and settlements/prepayments, net*     | (135.4 )                        | 530.4                  | (81.2 )                         | 209.1                  |
| Acquisition of businesses                                         | —                               | —                      | 289.9                           | (630.2 )               |
| Gains/(losses) included in the Consolidated Statement of Income** | 81.1                            | (74.1 )                | 97.0                            | (414.3 )               |
| Foreign exchange                                                  | 10.6                            | (103.8 )               | —                               | 204.9                  |
| Ending balance                                                    | 929.1                           | (5,512.9 )             | 972.8                           | (5,865.4 )             |

Prior to the adoption of guidance included in ASU 2010-06, discussed in Note 1, “Accounting Policies,” purchases, sales, issuances and settlements/prepayments were presented net. For the year ended December 31, 2011, the \*consolidated private equity and real estate funds recorded \$52.2 million related to purchase activity and \$187.6 million of sale activity, respectively, of level 3 assets. For the year ended December 31, 2010, the consolidated CLOs recorded \$530.4 million related to the settlement of level 3 liabilities.

Included in gains and losses of consolidated investment products in the Condensed Consolidated Statement of \*\*Income for the year ended December 31, 2011 are \$24.1 million in net unrealized gains attributable to investments still held at December 31, 2011 by consolidated investment products (year ended December 31, 2010: \$46.5 million net unrealized gains attributable to investments still held at December 31, 2010).

#### Fair value of consolidated CLOs

The company elected the fair value option for collateral assets held and notes issued by its consolidated CLOs to eliminate the measurement and recognition inconsistency that would otherwise arise from measuring assets and liabilities and recognizing the related gains and losses on different accounting bases.

The collateral assets held by consolidated CLOs are primarily invested in senior secured bank loans, bonds, and equity securities. Bank loan investments, which comprise the majority of consolidated CLO portfolio collateral, are senior secured corporate loans from a variety of industries, including but not limited to the aerospace and defense, broadcasting, technology, utilities, household products, healthcare, oil and gas, and finance industries. Bank loan investments mature at various dates between 2012 and 2019, pay interest at Libor or Euribor plus a spread of up to 13.0%, and typically range in credit rating categories from BBB down to unrated. At December 31, 2011, the unpaid principal balance exceeded the fair value of the senior secured bank loans and bonds by approximately \$701.0 million (December 31, 2010: \$261.0 million excess). Less than 1% of the collateral assets are in default as of December 31, 2011 (December 31, 2010: less than 2% of the collateral assets were in default). CLO investments are valued based on price quotations provided by a primary and secondary independent third-party pricing source. These third-party sources aggregate indicative price quotations daily to provide the company with a price for the CLO investments. The company has developed internal controls to review the reasonableness and completeness of these price quotations on a daily basis. If necessary, price quotations are challenged through the third-party pricing source price challenge process. As of December 31, 2011 there have been no price quotation challenges by the company.

In addition, the company's internal valuation committee conducts an annual due diligence review of all independent third-party pricing sources to review the provider's valuation methodology as well as ensure internal controls exist over the valuation of the CLO investments. In the event that the third-party pricing source is unable to price an investment, other relevant factors, data and information are considered, including: i) information relating to the market for the investment, including price quotations for and trading in the investment, interest in similar investments, the market environment, investor attitudes towards the investment and interests in similar investments; ii) the characteristics of and fundamental analytical data relating to the investment, including, for senior secured corporate loans, the cost, size, current interest rate, period until next interest rate reset, maturity and base lending rate, the terms and conditions of the senior secured corporate loan and any related agreements, and the position of the senior secured corporate loan in the borrower's debt structure; iii) the nature, adequacy and value of the senior secured corporate loan's collateral, including the CLO's rights, remedies and interests with respect to the collateral; iv) for senior secured corporate loans,

the creditworthiness of the borrower, based on an evaluation of its financial condition, financial statements and information about the business, cash flows, capital structure and future prospects; v) the reputation and financial condition of the agent and any intermediate participants in the senior secured corporate loan; and vi) general economic and market conditions affecting the fair value of the senior secured corporate loan.

Notes issued by consolidated CLOs mature at various dates between 2015 and 2024 and have a weighted average maturity of 9.3 years. The notes are issued in various tranches with different risk profiles. The interest rates are generally variable rates based on Libor or Euribor plus a pre-defined spread, which varies from 0.21% for the more senior tranches to 7.25% for the more subordinated tranches. At December 31, 2011, the outstanding balance on the notes issued by consolidated CLOs exceeds their fair value by approximately \$1.0 billion (December 31, 2010: \$1.2 billion excess). The investors in this debt are not affiliated with the company and have no recourse to the general credit of the company for this debt. Notes issued by CLOs are recorded at fair value using an income approach, driven by cash flows expected to be received from the portfolio collateral assets. Fair value is determined using current information, notably market yields and projected cash flows of collateral assets based on forecasted default and recovery rates that a market participant would use in determining the current fair value of the notes, taking into account the overall credit quality of the issuers and the company's past experience in managing similar securities. Market yields, default rates and recovery rates used in the company's estimate of fair value vary based on the nature of the investments in the underlying collateral pools. In periods of rising market yields, default rates and lower debt recovery rates, the fair value, and therefore the carrying value, of the notes may be adversely affected. The current liquidity constraints within the market for CLO products require the use of certain unobservable inputs for CLO valuation. Once the undiscounted cash flows of the collateral assets have been determined, the company applies appropriate discount rates that a market participant would use, to determine the discounted cash flow valuation of the notes.

The significant inputs used in the valuation of the notes issued by consolidated CLOs include a cumulative average default rate between 1% and 5% and discount rates derived by utilizing the applicable forward rate curves and appropriate spreads.

Certain consolidated CLOs with Euro-denominated debt have entered into swap agreements with various counterparties to hedge economically interest rate and foreign exchange risk related to CLO collateral assets with non-Euro interest rates and currencies. These swap agreements are not designated as qualifying as hedging instruments. The fair value of derivative contracts in an asset position is included in the company's Consolidated Balance Sheet in other current assets, and the fair value of derivative contracts in a liability position is included in the company's Consolidated Balance Sheet in other current liabilities. These derivative contracts are valued under an income approach using forecasted interest rates and are classified within Level 2 of the valuation hierarchy. Changes in fair value of \$9.2 million are reflected as losses in gains/(losses) of consolidated investment products, net on the company's Consolidated Statement of Income for the year ended December 31, 2011 (December 31, 2010: \$7.9 million). At December 31, 2011, there were 70 open swap agreements with a notional value of \$123.3 million (December 31, 2010: 105 open swap agreements with a notional value of \$168.4 million). Swap maturities are tied to the maturity of the underlying collateral assets.

#### Fair value of consolidated private equity funds

Consolidated private equity funds are generally structured as partnerships. Generally, the investment strategy of underlying holdings in these partnerships is to seek capital appreciation through direct investments in public or private companies with compelling business models or ideas or through investments in partnership investments that also invest in similar private or public companies. Various strategies may be used. Companies targeted could be distressed organizations, targets of leveraged buyouts or fledgling companies in need of venture capital. Investors in these consolidated investment products generally may not redeem their investment until the partnership liquidates.

Generally, the partnerships have a life that ranges from seven to twelve years unless dissolved earlier. The general partner may extend the partnership term up to a specified period of time as stated in the Partnership Agreement. Some partnerships allow the limited partners to cause an earlier termination upon the occurrence of certain events as specified in the Partnership Agreement.

For private equity partnerships, fair value is determined by reviewing each investment for the sale of additional securities of an issuer to sophisticated investors or for investee financial conditions and fundamentals. Publicly traded portfolio investments are carried at market value as determined by their most recent quoted sale, or if there is no recent sale, at their most recent bid price. For these investments held by consolidated investment products, level 1 classification indicates that fair values have been determined using unadjusted quoted prices in active markets for identical assets that the partnership has the ability to access. Level 2 classification may indicate that fair values have been determined using quoted prices in active markets but give effect to certain lock-up restrictions surrounding the holding period of the underlying investments.

The fair value of level 3 investments held by consolidated investment products are derived from inputs that are unobservable and which reflect the limited partnerships' own determinations about the assumptions that market participants would use in pricing

the investments, including assumptions about risk. These inputs are developed based on the partnership's own data, which is adjusted if information indicates that market participants would use different assumptions. The partnerships which invest directly into private equity portfolio companies (direct private equity funds) take into account various market conditions, subsequent rounds of financing, liquidity, financial condition, purchase multiples paid in other comparable third-party transactions, the price of securities of other companies comparable to the portfolio company, and operating results and other financial data of the portfolio company, as applicable.

The partnerships which invest into other private equity funds (funds of funds) take into account information received from those underlying funds, including their reported net asset values and evidence as to their fair value approach, including consistency of their fair value application. These investments do not trade in active markets and represent illiquid long-term investments that generally require future capital commitments. The partnerships' reported share of the underlying net asset values of the underlying funds is used as a practical expedient, as allowed by ASC Topic 820, in arriving at fair value.

Unforeseen events might occur that would subsequently change the fair values of these investments, but such changes would be inconsequential to the company due to its minimal investments in these products (and the large offsetting noncontrolling interests resulting from their consolidation). Any gains or losses resulting from valuation changes in these investments are substantially offset by resulting changes in gains and losses attributable to noncontrolling interests in consolidated entities and therefore do not have a material effect on the financial condition, operating results (including earnings per share), liquidity or capital resources of the company's common shareholders.

#### Fair value of consolidated real estate funds

Consolidated real estate funds are structured as limited liability companies. These limited liability companies invest in other real estate funds, and these investments are carried at fair value and presented as investments in consolidated investment products. The net asset value of the underlying funds, which primarily consists of the real estate investment value and mortgage loans, is adjusted to fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Real estate fund assets are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Due to the illiquid nature of investments made in real estate companies, all of the real estate fund assets are classified as Level 3. The real estate funds use one or more valuation techniques (e.g., the market approach, the income approach, or the cost approach) for which sufficient and reliable data is available to value investments classified within Level 3. The income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used by the real estate funds in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments, as well as completed or pending third-party transactions in the underlying investment or comparable investments. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability. Other inputs used include discount rates, cap rates and income and expense assumptions. The fair value measurement of Level 3 investments does not include transaction costs and acquisition fees that may have been capitalized as part of the investment's cost basis. Due to the lack of observable inputs, the assumptions used may significantly impact the resulting fair value and therefore the real estate funds' results of operations.

## 21. GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Invesco Holding Company Limited, the Issuer and a subsidiary of Invesco Ltd. (the Parent), issued 5.625% \$300 million senior notes due 2012, 5.375% \$350 million senior notes due 2013, and 5.375% \$200 million senior notes due

2014. (See Note 9, "Debt," for outstanding balances at December 31, 2011 and December 31, 2010.) These senior notes, are fully and unconditionally guaranteed as to payment of principal, interest and any other amounts due thereon by the Parent, together with the following 100% owned subsidiaries: Invesco Management Group, Inc., Invesco Advisers, Inc., IVZ Inc., and Invesco North American Holdings, Inc. (the Guarantors). The company's remaining consolidated subsidiaries do not guarantee this debt. The guarantees of each of the Guarantors are joint and several. Presented below are Condensed Consolidating Balance Sheets as of December 31, 2011 and December 31, 2010, Condensed Consolidating Statements of Income for the years ended December 31, 2011, 2010, and 2009, Condensed Consolidating Statements of Comprehensive Income for the years ended December 31, 2011, 2010, and 2009, and Condensed Consolidating Statements of Cash Flows for the years ended December 31, 2011, 2010, and 2009.

The Condensed Consolidating Balance Sheets, Condensed Consolidating Statements of Income, and Condensed Consolidating Statements of Cash Flows included in this footnote have been revised from the disclosure provided in the company's Form 10-K filed on February 24, 2012 to conform to the requirements of Rule 3-10 of Regulation S-X. The revised disclosure presents the line items of the Condensed Consolidating Balance Sheets, Condensed Consolidating Statements of

Income, and Condensed Consolidating Statements of Cash Flows at a more disaggregated level than that which was previously presented. In the prior disclosure, all intercompany receivable and payable balances were presented net between current and non-current liabilities on the Condensed Consolidating Balance Sheets. The revised presentation grosses up the intercompany balances and presents them as current and non-current intercompany receivables and payables. In the prior disclosure, all intercompany revenue and expense sharing arrangements were presented on a net basis on the Condensed Consolidating Statements of Income. The revised presentation grosses up the intercompany balances and presents them separately as revenues and expenses. In the prior disclosure, certain intercompany loan, capital, and dividend activity was incorrectly classified in the Condensed Consolidating Statements of Cash Flows. The revised presentation corrects the classification of these amounts as cash flows from financing activities on the Condensed Consolidating Statements of Cash Flows.

These corrections to the presentation had no impact to the company's consolidated net income attributable to common shareholders, earnings per share or retained earnings. They did not have any impact on the total equity of the Guarantors, non-Guarantors, Issuer, or Parent entities, nor did these changes impact the non-intercompany balances. These corrections to the presentation had no impact on any liquidity measures of the company, nor did they impact ratios based on the company's balance sheet or income statement. They did not alter the net increase or decrease in cash for the Guarantors, non-Guarantors, Issuer, or Parent entities. There was no impact to the company's loan covenants as a result of these corrections.

The impact of the corrections on the affected condensed consolidating financial statement captions as previously reported in the Company's Form 10-K for the period ended December 31, 2011 is quantified in the tables below.

Impact of Revision on Guarantor Condensed Consolidating Balance Sheets

|                                                | Guarantors | Non-Guarantors | Issuer | Parent   | Adjustments | Consolidated |
|------------------------------------------------|------------|----------------|--------|----------|-------------|--------------|
| \$ in millions                                 |            |                |        |          |             |              |
| December 31, 2011                              |            |                |        |          |             |              |
| Increase/(decrease) in current assets          | 487.5      | 421.8          | 34.8   | —        | (944.1 )    | —            |
| Increase/(decrease) in non current assets      | 345.3      | 1,438.2        | 567.8  | —        | (2,351.3 )  | —            |
| Increase/(decrease) in assets                  | 832.8      | 1,860.0        | 602.6  | —        | (3,295.4 )  | —            |
| Increase/(decrease) in current liabilities     | 377.0      | 507.9          | 29.9   | 29.3     | (944.1 )    | —            |
| Increase/(decrease) in non current liabilities | 455.8      | 1,352.1        | 572.7  | (29.3 )  | (2,351.3 )  | —            |
| Increase/(decrease) in liabilities             | 832.8      | 1,860.0        | 602.6  | —        | (3,295.4 )  | —            |
| Increase/(decrease) in equity                  | —          | —              | —      | —        | —           | —            |
| December 31, 2010                              |            |                |        |          |             |              |
| Increase/(decrease) in current assets          | 328.7      | 363.0          | 157.2  | —        | (848.9 )    | —            |
| Increase/(decrease) in non current assets      | 10.1       | 1,393.0        | 567.8  | —        | (1,970.9 )  | —            |
| Increase/(decrease) in assets                  | 338.8      | 1,756.0        | 725.0  | —        | (2,819.8 )  | —            |
| Increase/(decrease) in current liabilities     | 310.7      | 316.5          | 49.8   | 171.9    | (848.9 )    | —            |
| Increase/(decrease) in non current liabilities | 28.1       | 1,439.5        | 675.2  | (171.9 ) | (1,970.9 )  | —            |
| Increase/(decrease) in liabilities             | 338.8      | 1,756.0        | 725.0  | —        | (2,819.8 )  | —            |
| Increase/(decrease) in equity                  | —          | —              | —      | —        | —           | —            |





## Impact of Revision on Guarantor Condensed Consolidating Statements of Income

|                                           | Guarantors | Non-Guarantors | Issuer | Parent | Adjustments | Consolidated |
|-------------------------------------------|------------|----------------|--------|--------|-------------|--------------|
| \$ in millions                            |            |                |        |        |             |              |
| December 31, 2011                         |            |                |        |        |             |              |
| Increase/(decrease) in operating revenues | —          | 203.4          | —      | —      | (203.4 )    | —            |
| Increase/(decrease) in operating expenses | —          | 203.4          | —      | —      | (203.4 )    | —            |
| December 31, 2010                         |            |                |        |        |             |              |
| Increase/(decrease) in operating revenues | —          | 180.3          | —      | —      | (180.3 )    | —            |
| Increase/(decrease) in operating expenses | —          | 180.3          | —      | —      | (180.3 )    | —            |
| December 31, 2009                         |            |                |        |        |             |              |
| Increase/(decrease) in operating revenues | —          | 68.3           | 4.7    | —      | (73.0 )     | —            |
| Increase/(decrease) in operating expenses | —          | 68.3           | 4.7    | —      | (73.0 )     | —            |

## Impact of Revision on Guarantor Condensed Consolidating Statements of Cash Flows

|                                                                      | Guarantors | Non-Guarantors | Issuer  | Parent   | Adjustments | Consolidated |
|----------------------------------------------------------------------|------------|----------------|---------|----------|-------------|--------------|
| \$ in millions                                                       |            |                |         |          |             |              |
| Year ended December 31, 2011                                         |            |                |         |          |             |              |
| Total change in net cash (used in)/provided by operating activities: | 183.9      | 136.6          | 1.8     | (261.3 ) | (61.0 )     | —            |
| Total change in net cash (used in)/provided by investing activities: | —          | (80.6 )        | (61.0 ) | —        | 141.6       | —            |
| Total change in net cash (used in)/provided by financing activities: | (183.9 )   | (56.0 )        | 59.2    | 261.3    | (80.6 )     | —            |
| Total change in (decrease)/increase in cash and cash equivalents:    | —          | —              | —       | —        | —           | —            |
| Year ended December 31, 2010                                         |            |                |         |          |             |              |
| Total change in net cash (used in)/provided by operating activities: | 213.7      | (116.1 )       | (65.7 ) | 23.0     | (54.9 )     | —            |
| Total change in net cash (used in)/provided by investing activities: | —          | (262.4 )       | (37.9 ) | (17.0 )  | 317.3       | —            |
| Total change in net cash (used in)/provided by financing activities: | (213.7 )   | 378.5          | 103.6   | (6.0 )   | (262.4 )    | —            |
| Total change in (decrease)/increase in cash and cash equivalents:    | —          | —              | —       | —        | —           | —            |
| Year ended December 31, 2009                                         |            |                |         |          |             |              |
| Total change in net cash (used in)/provided by operating activities: | (196.8 )   | 526.0          | (20.8 ) | (2.4 )   | (306.0 )    | —            |
| Total change in net cash (used in)/provided by investing activities: | (0.2 )     | 54.2           | (0.1 )  | —        | (53.9 )     | —            |
| Total change in net cash (used in)/provided by financing activities: | 197.0      | (580.2 )       | 20.9    | 2.4      | 359.9       | —            |
| Total change in (decrease)/increase in cash and cash equivalents:    | —          | —              | —       | —        | —           | —            |

## Revised Condensed Consolidating Balance Sheets

\$ in millions

As of December 31, 2011

## ASSETS

## Current assets:

|                                                               | Guarantors | Non-Guarantors | Issuer | Parent | Adjustments | Consolidated |
|---------------------------------------------------------------|------------|----------------|--------|--------|-------------|--------------|
| Cash and cash equivalents                                     | 20.6       | 703.2          | 3.1    | 0.5    | —           | 727.4        |
| Cash and cash equivalents of consolidated investment products | —          | 382.3          | —      | —      | —           | 382.3        |
| Unsettled fund receivables                                    | —          | 444.4          | —      | —      | —           | 444.4        |
| Accounts receivable                                           | 163.6      | 260.8          | —      | —      | —           | 424.4        |
| Accounts receivable of consolidated investment products       | —          | 98.5           | —      | —      | —           | 98.5         |
| Investments                                                   | 4.2        | 266.2          | —      | 13.3   | —           | 283.7        |
| Prepaid assets                                                | 9.7        | 41.5           | —      | —      | —           | 51.2         |
| Other current assets                                          | 39.3       | 120.3          | 1.1    | 0.2    | (10.9 )     | 150.0        |
| Deferred tax asset, net                                       | 18.9       | 9.8            | —      | —      | —           | 28.7         |
| Assets held for policyholders                                 | —          | 1,243.5        | —      | —      | —           | 1,243.5      |
| Intercompany receivables                                      | 477.0      | 421.4          | 34.8   | —      | (933.2 )    | —            |
| Total current assets                                          | 733.3      | 3,991.9        | 39.0   | 14.0   | (944.1 )    | 3,834.1      |

## Non-current assets:

|                                                 |         |          |         |         |             |          |
|-------------------------------------------------|---------|----------|---------|---------|-------------|----------|
| Investments                                     | 50.0    | 144.4    | 3.4     | 3.0     | —           | 200.8    |
| Investments of consolidated investment products | —       | 6,629.0  | —       | —       | —           | 6,629.0  |
| Security deposit assets and receivables         | —       | 81.2     | —       | —       | —           | 81.2     |
| Other non-current assets                        | 8.5     | 6.6      | 2.8     | —       | —           | 17.9     |
| Deferred sales commissions                      | 13.9    | 26.6     | —       | —       | —           | 40.5     |
| Property and equipment, net                     | 145.3   | 167.5    | —       | —       | —           | 312.8    |
| Intangible assets, net                          | 420.6   | 902.2    | —       | —       | —           | 1,322.8  |
| Goodwill                                        | 2,312.8 | 4,161.8  | 433.3   | —       | —           | 6,907.9  |
| Intercompany receivables                        | 333.0   | 1,450.5  | 567.8   | —       | (2,351.3 )  | —        |
| Investment in subsidiaries                      | 1,228.2 | 5.6      | 5,116.3 | 8,465.0 | (14,815.1 ) | —        |
| Total non-current assets                        | 4,512.3 | 13,575.4 | 6,123.6 | 8,468.0 | (17,166.4 ) | 15,512.9 |
| Total assets                                    | 5,245.6 | 17,567.3 | 6,162.6 | 8,482.0 | (18,110.5 ) | 19,347.0 |

## LIABILITIES AND EQUITY

## Current liabilities:

|                                                               |       |         |       |      |          |         |
|---------------------------------------------------------------|-------|---------|-------|------|----------|---------|
| Current maturities of total debt                              | —     | —       | 215.1 | —    | —        | 215.1   |
| Unsettled fund payables                                       | —     | 439.6   | —     | —    | —        | 439.6   |
| Income taxes payable                                          | —     | 63.1    | 7.4   | —    | (10.9 )  | 59.6    |
| Other current liabilities                                     | 144.3 | 685.4   | 11.1  | 0.7  | —        | 841.5   |
| Other current liabilities of consolidated investment products | —     | 175.1   | —     | —    | —        | 175.1   |
| Policyholder payables                                         | —     | 1,243.5 | —     | —    | —        | 1,243.5 |
| Intercompany payables                                         | 366.5 | 507.5   | 29.9  | 29.3 | (933.2 ) | —       |
| Total current liabilities                                     | 510.8 | 3,114.2 | 263.5 | 30.0 | (944.1 ) | 2,974.4 |

## Non-current liabilities:

|                                                    |       |         |       |   |   |         |
|----------------------------------------------------|-------|---------|-------|---|---|---------|
| Long-term debt                                     | 539.0 | —       | 530.6 | — | — | 1,069.6 |
| Long-term debt of consolidated investment products | —     | 5,512.9 | —     | — | — | 5,512.9 |
| Deferred tax liabilities, net                      | 29.6  | 244.4   | —     | — | — | 274.0   |

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|                                                                          |         |          |         |         |             |          |
|--------------------------------------------------------------------------|---------|----------|---------|---------|-------------|----------|
| Security deposits payable                                                | —       | 81.2     | —       | —       | —           | 81.2     |
| Other non-current liabilities                                            | 55.1    | 242.2    | —       | —       | —           | 297.3    |
| Intercompany payables                                                    | 1,361.8 | —        | 656.6   | 332.9   | (2,351.3 )  | —        |
| Total non-current liabilities                                            | 1,985.5 | 6,080.7  | 1,187.2 | 332.9   | (2,351.3 )  | 7,235.0  |
| Total liabilities                                                        | 2,496.3 | 9,194.9  | 1,450.7 | 362.9   | (3,295.4 )  | 10,209.4 |
| Equity:                                                                  |         |          |         |         |             |          |
| Total equity attributable to common shareholders                         | 2,749.3 | 7,353.9  | 4,711.9 | 8,119.1 | (14,815.1 ) | 8,119.1  |
| Equity attributable to noncontrolling interests in consolidated entities | —       | 1,018.5  | —       | —       | —           | 1,018.5  |
| Total equity                                                             | 2,749.3 | 8,372.4  | 4,711.9 | 8,119.1 | (14,815.1 ) | 9,137.6  |
| Total liabilities and equity                                             | 5,245.6 | 17,567.3 | 6,162.6 | 8,482.0 | (18,110.5 ) | 19,347.0 |

## Revised Condensed Consolidating Balance Sheets (continued)

\$ in millions

| Guarantors                                                                          | Non-Guarantors                                                                      | Issuer                                                                              |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <p>1. <b>Guarantors</b></p> <p>2. <b>Non-Guarantors</b></p> <p>3. <b>Issuer</b></p> | <p>1. <b>Guarantors</b></p> <p>2. <b>Non-Guarantors</b></p> <p>3. <b>Issuer</b></p> | <p>1. <b>Guarantors</b></p> <p>2. <b>Non-Guarantors</b></p> <p>3. <b>Issuer</b></p> |

Parent

Adjustments Consolidated

As of December 31, 2010

## ASSETS

Current assets:

|                                                               |         |          |         |         |             |          |
|---------------------------------------------------------------|---------|----------|---------|---------|-------------|----------|
| Cash and cash equivalents                                     | 12.4    | 725.9    | 1.1     | 1.1     | —           | 740.5    |
| Cash and cash equivalents of consolidated investment products | —       | 636.7    | —       | —       | —           | 636.7    |
| Unsettled fund receivables                                    | —       | 513.4    | —       | —       | —           | 513.4    |
| Accounts receivable                                           | 100.5   | 324.2    | —       | —       | —           | 424.7    |
| Accounts receivable of consolidated investment products       | —       | 158.8    | —       | —       | —           | 158.8    |
| Investments                                                   | 7.4     | 269.5    | —       | 31.9    | —           | 308.8    |
| Prepaid assets                                                | 9.6     | 54.4     | —       | —       | —           | 64.0     |
| Other current assets                                          | 39.6    | 67.9     | 6.1     | 0.7     | (12.5 )     | 101.8    |
| Deferred tax asset, net                                       | 14.6    | 15.8     | —       | —       | —           | 30.4     |
| Assets held for policyholders                                 | —       | 1,295.4  | —       | —       | —           | 1,295.4  |
| Intercompany receivables                                      | 320.3   | 363.1    | 153.0   | —       | (836.4 )    | —        |
| Total current assets                                          | 504.4   | 4,425.1  | 160.2   | 33.7    | (848.9 )    | 4,274.5  |
| Non-current assets:                                           |         |          |         |         |             |          |
| Investments                                                   | 35.3    | 125.0    | 1.7     | 2.4     | —           | 164.4    |
| Investments of consolidated investment products               | —       | 7,206.0  | —       | —       | —           | 7,206.0  |
| Security deposit assets and receivables                       | —       | 146.3    | —       | —       | —           | 146.3    |
| Other non-current assets                                      | 2.8     | 14.8     | 2.8     | 0.5     | —           | 20.9     |
| Deferred sales commissions                                    | 12.2    | 30.0     | —       | —       | —           | 42.2     |
| Property and equipment, net                                   | 122.9   | 149.5    | —       | —       | —           | 272.4    |
| Intangible assets, net                                        | 393.9   | 943.3    | —       | —       | —           | 1,337.2  |
| Goodwill                                                      | 2,322.9 | 4,216.5  | 440.8   | —       | —           | 6,980.2  |
| Intercompany receivables                                      | —       | 1,403.1  | 567.8   | —       | (1,970.9 )  | —        |
| Investment in subsidiaries                                    | 1,333.8 | 5.5      | 4,766.1 | 8,400.6 | (14,506.0 ) | —        |
| Total non-current assets                                      | 4,223.8 | 14,240.0 | 5,779.2 | 8,403.5 | (16,476.9 ) | 16,169.6 |
| Total assets                                                  | 4,728.2 | 18,665.1 | 5,939.4 | 8,437.2 | (17,325.8 ) | 20,444.1 |

## LIABILITIES AND EQUITY

Current liabilities:

|                                                               |       |         |       |       |         |         |
|---------------------------------------------------------------|-------|---------|-------|-------|---------|---------|
| Unsettled fund payables                                       | —     | 504.8   | —     | —     | —       | 504.8   |
| Income taxes payable                                          | —     | 84.7    | —     | —     | (12.5)  | 72.2    |
| Other current liabilities                                     | 120.9 | 774.5   | 9.6   | 0.7   | —       | 905.7   |
| Other current liabilities of consolidated investment products | —     | 486.4   | —     | —     | —       | 486.4   |
| Policyholder payables                                         | —     | 1,295.4 | —     | —     | —       | 1,295.4 |
| Intercompany payables                                         | 302.3 | 316.5   | 45.7  | 171.9 | (836.4) | —       |
| Total current liabilities                                     | 423.2 | 3,462.3 | 55.3  | 172.6 | (848.9) | 3,264.5 |
| Non-current liabilities:                                      |       |         |       |       |         |         |
| Long-term debt                                                | 570.0 | —       | 745.7 | —     | —       | 1,315.7 |
| Long-term debt of consolidated investment products            | —     | 5,865.4 | —     | —     | —       | 5,865.4 |
| Deferred tax liabilities, net                                 | 10.1  | 218.9   | —     | —     | —       | 229.0   |
| Security deposits payable                                     | —     | 146.3   | —     | —     | —       | 146.3   |

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|                                                                          |         |          |         |         |             |          |
|--------------------------------------------------------------------------|---------|----------|---------|---------|-------------|----------|
| Other non-current liabilities                                            | 27.0    | 235.3    | —       | —       | —           | 262.3    |
| Intercompany payables                                                    | 1,317.8 | —        | 653.1   | —       | (1,970.9 )  | —        |
| Total non-current liabilities                                            | 1,924.9 | 6,465.9  | 1,398.8 | —       | (1,970.9 )  | 7,818.7  |
| Total liabilities                                                        | 2,348.1 | 9,928.2  | 1,454.1 | 172.6   | (2,819.8 )  | 11,083.2 |
| Equity:                                                                  |         |          |         |         |             |          |
| Total equity attributable to common shareholders                         | 2,380.1 | 7,640.6  | 4,485.3 | 8,264.6 | (14,506.0 ) | 8,264.6  |
| Equity attributable to noncontrolling interests in consolidated entities | —       | 1,096.3  | —       | —       | —           | 1,096.3  |
| Total equity                                                             | 2,380.1 | 8,736.9  | 4,485.3 | 8,264.6 | (14,506.0 ) | 9,360.9  |
| Total liabilities and equity                                             | 4,728.2 | 18,665.1 | 5,939.4 | 8,437.2 | (17,325.8 ) | 20,444.1 |

## Revised Condensed Consolidating Statements of Income

| \$ in millions                                                                        | Guarantors | Non-Guarantors | Issuer  | Parent  | Adjustments | Consolidated |
|---------------------------------------------------------------------------------------|------------|----------------|---------|---------|-------------|--------------|
| Year ended December 31, 2011                                                          |            |                |         |         |             |              |
| Operating Revenues:                                                                   |            |                |         |         |             |              |
| Investment management fees                                                            | 1,153.9    | 1,984.6        | —       | —       | —           | 3,138.5      |
| Service and distribution fees                                                         | 91.9       | 688.4          | —       | —       | —           | 780.3        |
| Performance fees                                                                      | 11.4       | 26.5           | —       | —       | —           | 37.9         |
| Other                                                                                 | 15.2       | 120.3          | —       | —       | —           | 135.5        |
| Intercompany Revenues                                                                 | 27.1       | 176.3          | —       | —       | (203.4 )    | —            |
| Total operating revenues                                                              | 1,299.5    | 2,996.1        | —       | —       | (203.4 )    | 4,092.2      |
| Operating expenses:                                                                   |            |                |         |         |             |              |
| Employee compensation                                                                 | 341.5      | 897.5          | —       | 7.2     | —           | 1,246.2      |
| Third-party distribution, service and advisory                                        | 89.7       | 1,192.8        | —       | —       | —           | 1,282.5      |
| Marketing                                                                             | 5.1        | 80.9           | —       | —       | —           | 86.0         |
| Property, office and technology                                                       | 105.1      | 148.8          | —       | 0.7     | —           | 254.6        |
| General and administrative                                                            | 81.5       | 207.7          | —       | 6.2     | —           | 295.4        |
| Transaction and integration                                                           | —          | 29.4           | —       | —       | —           | 29.4         |
| Intercompany Expenses                                                                 | 175.8      | 27.1           | —       | 0.5     | (203.4 )    | —            |
| Total operating expenses                                                              | 798.7      | 2,584.2        | —       | 14.6    | (203.4 )    | 3,194.1      |
| Operating income/(loss)                                                               | 500.8      | 411.9          | —       | (14.6 ) | —           | 898.1        |
| Other income/(expense):                                                               |            |                |         |         |             |              |
| Equity in earnings of unconsolidated affiliates                                       | (0.4 )     | 29.6           | 453.9   | 745.1   | (1,197.7 )  | 30.5         |
| Interest and dividend income                                                          | 3.5        | 87.2           | 49.3    | 0.9     | (129.9 )    | 11.0         |
| Interest income of consolidated investment products                                   | —          | 307.2          | —       | —       | —           | 307.2        |
| Other gains/(losses) of consolidated investment products, net                         | —          | (138.9 )       | —       | —       | —           | (138.9 )     |
| Interest expense                                                                      | (136.3 )   | (1.0 )         | (50.3 ) | (4.1 )  | 129.9       | (61.8 )      |
| Interest expense of consolidated investment products                                  | —          | (187.0 )       | —       | —       | —           | (187.0 )     |
| Other gains and losses, net                                                           | 44.6       | 3.4            | (1.4 )  | 2.4     | —           | 49.0         |
| Income before income taxes                                                            | 412.2      | 512.4          | 451.5   | 729.7   | (1,197.7 )  | 908.1        |
| Income tax provision                                                                  | (111.5 )   | (161.0 )       | (13.6 ) | —       | —           | (286.1 )     |
| Net income                                                                            | 300.7      | 351.4          | 437.9   | 729.7   | (1,197.7 )  | 622.0        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | —          | 107.7          | —       | —       | —           | 107.7        |
| Net income attributable to common shareholders                                        | 300.7      | 459.1          | 437.9   | 729.7   | (1,197.7 )  | 729.7        |





## Revised Condensed Consolidating Statements of Income (continued)

| \$ in millions                                                                        | Guarantors | Non-Guarantors | Issuer  | Parent  | Adjustments | Consolidated |
|---------------------------------------------------------------------------------------|------------|----------------|---------|---------|-------------|--------------|
| Year ended December 31, 2010                                                          |            |                |         |         |             |              |
| Operating Revenues:                                                                   |            |                |         |         |             |              |
| Investment management fees                                                            | 906.0      | 1,814.9        | —       | —       | —           | 2,720.9      |
| Service and distribution fees                                                         | 86.5       | 559.0          | —       | —       | —           | 645.5        |
| Performance fees                                                                      | 2.4        | 23.7           | —       | —       | —           | 26.1         |
| Other                                                                                 | 4.1        | 91.1           | —       | —       | —           | 95.2         |
| Intercompany Revenues                                                                 | 32.6       | 147.7          | —       | —       | (180.3 )    | —            |
| Total operating revenues                                                              | 1,031.6    | 2,636.4        | —       | —       | (180.3 )    | 3,487.7      |
| Operating expenses:                                                                   |            |                |         |         |             |              |
| Employee compensation                                                                 | 311.9      | 796.6          | —       | 6.4     | —           | 1,114.9      |
| Third-party distribution, service and advisory                                        | 42.8       | 1,011.0        | —       | —       | —           | 1,053.8      |
| Marketing                                                                             | 35.6       | 42.8           | —       | 0.1     | —           | 78.5         |
| Property, office and technology                                                       | 107.2      | 130.4          | —       | 0.8     | —           | 238.4        |
| General and administrative                                                            | 97.5       | 157.1          | —       | 7.6     | —           | 262.2        |
| Transaction and integration                                                           | —          | 150.0          | —       | —       | —           | 150.0        |
| Intercompany Expenses                                                                 | 147.4      | 32.6           | —       | 0.3     | (180.3 )    | —            |
| Total operating expenses                                                              | 742.4      | 2,320.5        | —       | 15.2    | (180.3 )    | 2,897.8      |
| Operating income/(loss)                                                               | 289.2      | 315.9          | —       | (15.2 ) | —           | 589.9        |
| Other income/(expense):                                                               |            |                |         |         |             |              |
| Equity in earnings of unconsolidated affiliates                                       | 5.7        | 33.4           | 266.5   | 477.3   | (742.7 )    | 40.2         |
| Interest and dividend income                                                          | 0.6        | 96.7           | 17.4    | 13.4    | (117.7 )    | 10.4         |
| Interest income of consolidated investment products                                   | —          | 240.9          | —       | —       | —           | 240.9        |
| Other gains/(losses) of consolidated investment products, net                         | —          | 114.0          | —       | —       | —           | 114.0        |
| Interest expense                                                                      | (113.3 )   | (1.8 )         | (60.1 ) | (1.1 )  | 117.7       | (58.6 )      |
| Interest expense of consolidated investment products                                  | —          | (118.6 )       | —       | —       | —           | (118.6 )     |
| Other gains and losses, net                                                           | 2.9        | 16.6           | 0.8     | (4.7 )  | —           | 15.6         |
| Income before income taxes                                                            | 185.1      | 697.1          | 224.6   | 469.7   | (742.7 )    | 833.8        |
| Income tax provision                                                                  | (66.1 )    | (129.2 )       | 2.3     | (4.0 )  | —           | (197.0 )     |
| Net income                                                                            | 119.0      | 567.9          | 226.9   | 465.7   | (742.7 )    | 636.8        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | —          | (171.1 )       | —       | —       | —           | (171.1 )     |
| Net income attributable to common shareholders                                        | 119.0      | 396.8          | 226.9   | 465.7   | (742.7 )    | 465.7        |



## Revised Condensed Consolidating Statements of Income (continued)

| \$ in millions                                                                        | Guarantors | Non-Guarantors | Issuer  | Parent  | Adjustments | Consolidated |
|---------------------------------------------------------------------------------------|------------|----------------|---------|---------|-------------|--------------|
| Year ended December 31, 2009                                                          |            |                |         |         |             |              |
| Operating Revenues:                                                                   |            |                |         |         |             |              |
| Investment management fees                                                            | 482.0      | 1,638.2        | —       | —       | —           | 2,120.2      |
| Service and distribution fees                                                         | 49.0       | 363.6          | —       | —       | —           | 412.6        |
| Performance fees                                                                      | 0.2        | 29.8           | —       | —       | —           | 30.0         |
| Other                                                                                 | 2.4        | 62.1           | —       | —       | —           | 64.5         |
| Intercompany Revenues                                                                 | 16.1       | 52.2           | 4.7     | —       | (73.0 )     | —            |
| Total operating revenues                                                              | 549.7      | 2,145.9        | 4.7     | —       | (73.0 )     | 2,627.3      |
| Operating expenses:                                                                   |            |                |         |         |             |              |
| Employee compensation                                                                 | 214.5      | 729.5          | —       | 6.8     | —           | 950.8        |
| Third-party distribution, service and advisory                                        | 3.2        | 733.8          | —       | —       | —           | 737.0        |
| Marketing                                                                             | 23.8       | 41.5           | —       | —       | —           | 65.3         |
| Property, office and technology                                                       | 52.8       | 159.2          | —       | 0.3     | —           | 212.3        |
| General and administrative                                                            | 81.5       | 78.7           | 1.4     | 5.2     | —           | 166.8        |
| Transaction and integration                                                           | —          | 10.8           | —       | —       | —           | 10.8         |
| Intercompany Expenses                                                                 | 56.3       | 16.1           | —       | 0.6     | (73.0 )     | —            |
| Total operating expenses                                                              | 432.1      | 1,769.6        | 1.4     | 12.9    | (73.0 )     | 2,143.0      |
| Operating income/(loss)                                                               | 117.6      | 376.3          | 3.3     | (12.9 ) | —           | 484.3        |
| Other income/(expense):                                                               |            |                |         |         |             |              |
| Equity in earnings of unconsolidated affiliates                                       | 17.1       | 53.3           | 148.3   | 326.3   | (518.0 )    | 27.0         |
| Interest and dividend income                                                          | 0.7        | 42.5           | 12.8    | 9.5     | (55.7 )     | 9.8          |
| Interest income of consolidated investment products                                   | —          | —              | —       | —       | —           | —            |
| Other gains/(losses) of consolidated investment products, net                         | (0.4 )     | (125.6 )       | 21.5    | (2.4 )  | —           | (106.9 )     |
| Interest expense                                                                      | (51.9 )    | (0.2 )         | (68.1 ) | —       | 55.7        | (64.5 )      |
| Interest expense of consolidated investment products                                  | —          | —              | —       | —       | —           | —            |
| Other gains and losses, net                                                           | (0.6 )     | 1.0            | 5.4     | 2.0     | —           | 7.8          |
| Income before income taxes                                                            | 82.5       | 347.3          | 123.2   | 322.5   | (518.0 )    | 357.5        |
| Income tax provision                                                                  | (0.2 )     | (136.5 )       | (11.5 ) | —       | —           | (148.2 )     |
| Net income                                                                            | 82.3       | 210.8          | 111.7   | 322.5   | (518.0 )    | 209.3        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | —          | 113.2          | —       | —       | —           | 113.2        |
| Net income attributable to common shareholders                                        | 82.3       | 324.0          | 111.7   | 322.5   | (518.0 )    | 322.5        |

## Condensed Consolidating Statements of Comprehensive Income

| \$ in millions                                                                                | Guarantors | Non-Guarantors | Issuer  | Parent   | Adjustments | Consolidated |
|-----------------------------------------------------------------------------------------------|------------|----------------|---------|----------|-------------|--------------|
| Year ended December 31, 2011                                                                  |            |                |         |          |             |              |
| Net income                                                                                    | 300.7      | 351.4          | 437.9   | 729.7    | (1,197.7 )  | 622.0        |
| Other comprehensive income, before tax:                                                       |            |                |         |          |             |              |
| Currency translation differences on investments in overseas subsidiaries                      | 9.9        | (58.7 )        | —       | —        | —           | (48.8 )      |
| Change in accumulated other comprehensive income related to employee benefit plans            | 0.9        | (43.3 )        | —       | —        | —           | (42.4 )      |
| Change in accumulated other comprehensive income of equity method investments                 | (0.2 )     | (7.0 )         | —       | —        | —           | (7.2 )       |
| Comprehensive income of subsidiaries                                                          | —          | 9.5            | (40.4 ) | (117.7 ) | 148.6       | —            |
| Change in net unrealized gains on available-for-sale investments                              | (1.6 )     | (6.2 )         | —       | (4.5 )   | —           | (12.3 )      |
| Other comprehensive income (loss), before tax                                                 | 9.0        | (105.7 )       | (40.4 ) | (122.2 ) | 148.6       | (110.7 )     |
| Income tax related to items of other comprehensive income:                                    |            |                |         |          |             |              |
| Tax benefit (expense) on foreign currency translation adjustments                             | —          | 0.5            | —       | —        | —           | 0.5          |
| Tax benefit (expense) on comprehensive income related to employee benefit plans               | —          | 9.3            | —       | —        | —           | 9.3          |
| Tax benefit (expense) on change in net unrealized gains on available-for-sale investments     | 0.5        | 1.3            | —       | —        | —           | 1.8          |
| Total income tax benefit (expense) related to items of other comprehensive income             | 0.5        | 11.1           | —       | —        | —           | 11.6         |
| Other comprehensive income, net of tax                                                        | 9.5        | (94.6 )        | (40.4 ) | (122.2 ) | 148.6       | (99.1 )      |
| Total comprehensive income                                                                    | 310.2      | 256.8          | 397.5   | 607.5    | (1,049.1 )  | 522.9        |
| Comprehensive loss (income) attributable to noncontrolling interests in consolidated entities | —          | 84.6           | —       | —        | —           | 84.6         |
| Comprehensive income attributable to common shareholders                                      | 310.2      | 341.4          | 397.5   | 607.5    | (1,049.1 )  | 607.5        |



## Condensed Consolidating Statements of Comprehensive Income (continued)

| \$ in millions                                                                                | Guarantors | Non-Guarantors | Issuer | Parent | Adjustments | Consolidated |
|-----------------------------------------------------------------------------------------------|------------|----------------|--------|--------|-------------|--------------|
| Year ended December 31, 2010                                                                  |            |                |        |        |             |              |
| Net income                                                                                    | 119.0      | 567.9          | 226.9  | 465.7  | (742.7 )    | 636.8        |
| Other comprehensive income, before tax:                                                       |            |                |        |        |             |              |
| Currency translation differences on investments in overseas subsidiaries                      | —          | 77.3           | —      | —      | —           | 77.3         |
| Change in accumulated other comprehensive income related to employee benefit plans            | —          | 18.7           | —      | —      | —           | 18.7         |
| Change in accumulated other comprehensive income of equity method investments                 | —          | 2.9            | —      | —      | —           | 2.9          |
| Comprehensive income of subsidiaries                                                          | —          | 0.1            | 106.7  | 93.8   | (200.6 )    | —            |
| Change in net unrealized gains on available-for-sale investments                              | 0.2        | (3.6 )         | —      | 13.3   | —           | 9.9          |
| Other comprehensive income (loss), before tax                                                 | 0.2        | 95.4           | 106.7  | 107.1  | (200.6 )    | 108.8        |
| Income tax related to items of other comprehensive income:                                    |            |                |        |        |             |              |
| Tax benefit (expense) on comprehensive income related to employee benefit plans               | —          | (6.2 )         | —      | —      | —           | (6.2 )       |
| Tax benefit (expense) on change in net unrealized gains on available-for-sale investments     | (0.1 )     | (0.7 )         | —      | —      | —           | (0.8 )       |
| Total income tax benefit (expense) related to items of other comprehensive income             | (0.1 )     | (6.9 )         | —      | —      | —           | (7.0 )       |
| Other comprehensive income, net of tax                                                        | 0.1        | 88.5           | 106.7  | 107.1  | (200.6 )    | 101.8        |
| Total comprehensive income                                                                    | 119.1      | 656.4          | 333.6  | 572.8  | (943.3 )    | 738.6        |
| Comprehensive loss (income) attributable to noncontrolling interests in consolidated entities | —          | (165.8 )       | —      | —      | —           | (165.8 )     |
| Comprehensive income attributable to common shareholders                                      | 119.1      | 490.6          | 333.6  | 572.8  | (943.3 )    | 572.8        |





## Condensed Consolidating Statements of Comprehensive Income (continued)

| \$ in millions                                                                                | Guarantors | Non-Guarantors | Issuer | Parent | Adjustments | Consolidated |
|-----------------------------------------------------------------------------------------------|------------|----------------|--------|--------|-------------|--------------|
| Year ended December 31, 2009                                                                  |            |                |        |        |             |              |
| Net income                                                                                    | 82.3       | 210.8          | 111.7  | 322.5  | (518.0 )    | 209.3        |
| Other comprehensive income, before tax:                                                       |            |                |        |        |             |              |
| Currency translation differences on investments in overseas subsidiaries                      | (19.5 )    | 507.8          | —      | —      | —           | 488.3        |
| Change in accumulated other comprehensive income related to employee benefit plans            | 3.6        | (18.7 )        | —      | —      | —           | (15.1 )      |
| Comprehensive income of subsidiaries                                                          | —          | (11.3 )        | 307.2  | 482.3  | (778.2 )    | —            |
| Change in net unrealized gains on available-for-sale investments                              | (1.0 )     | 8.5            | —      | 7.1    | —           | 14.6         |
| Adoption of guidance now encompassed in ASC Topic 320                                         | —          | (1.5 )         | —      | —      | —           | (1.5 )       |
| Other comprehensive income (loss), before tax                                                 | (16.9 )    | 484.8          | 307.2  | 489.4  | (778.2 )    | 486.3        |
| Income tax related to items of other comprehensive income:                                    |            |                |        |        |             |              |
| Tax benefit (expense) on foreign currency translation adjustments                             | 7.0        | (6.3 )         | —      | —      | —           | 0.7          |
| Tax benefit (expense) on comprehensive income related to employee benefit plans               | (1.1 )     | 5.2            | —      | —      | —           | 4.1          |
| Tax benefit (expense) on change in net unrealized gains on available-for-sale investments     | (0.3 )     | (1.4 )         | —      | —      | —           | (1.7 )       |
| Total income tax benefit (expense) related to items of other comprehensive income             | 5.6        | (2.5 )         | —      | —      | —           | 3.1          |
| Other comprehensive income, net of tax                                                        | (11.3 )    | 482.3          | 307.2  | 489.4  | (778.2 )    | 489.4        |
| Total comprehensive income                                                                    | 71.0       | 693.1          | 418.9  | 811.9  | (1,296.2 )  | 698.7        |
| Comprehensive loss (income) attributable to noncontrolling interests in consolidated entities | —          | 113.2          | —      | —      | —           | 113.2        |
| Comprehensive income attributable to common shareholders                                      | 71.0       | 806.3          | 418.9  | 811.9  | (1,296.2 )  | 811.9        |

## Revised Condensed Consolidating Statements of Cash Flows

| \$ in millions                                                          | Guarantors | Non-Guarantors | Issuer   | Parent   | Adjustments | Consolidated |
|-------------------------------------------------------------------------|------------|----------------|----------|----------|-------------|--------------|
| Year ended December 31, 2011                                            |            |                |          |          |             |              |
| Operating activities:                                                   |            |                |          |          |             |              |
| Net cash provided by/(used in) operating activities                     | 299.6      | 673.4          | 57.3     | 389.0    | (454.5 )    | 964.8        |
| Investing activities:                                                   |            |                |          |          |             |              |
| Capital contribution (to)/from subsidiary                               | —          | —              | (116.0 ) | (23.1 )  | 139.1       | —            |
| Purchase of investments by consolidated investment products             | —          | (2,991.4 )     | —        | —        | —           | (2,991.4 )   |
| Proceeds from sale of investments by consolidated investment products   | —          | 3,369.8        | —        | —        | —           | 3,369.8      |
| Returns of capital in investments of consolidated investment products   | —          | 109.2          | —        | —        | —           | 109.2        |
| Purchase of other investments                                           | (29.0 )    | (114.4 )       | —        | —        | —           | (143.4 )     |
| Other net increases/(decreases) in investing activities                 | (47.5 )    | 33.1           | 1.5      | 16.8     | —           | 3.9          |
| Net cash (used in)/provided by investing activities                     | (76.5 )    | 406.3          | (114.5 ) | (6.3 )   | 139.1       | 348.1        |
| Financing activities:                                                   |            |                |          |          |             |              |
| Capital contribution from/(to) parent                                   | 116.0      | 23.1           | —        | —        | (139.1 )    | —            |
| Purchases of treasury shares                                            | —          | —              | —        | (436.5 ) | —           | (436.5 )     |
| Dividends paid                                                          | —          | (406.3 )       | (48.4 )  | (220.6 ) | 454.5       | (220.8 )     |
| Capital invested into consolidated investment products                  | —          | 37.2           | —        | —        | —           | 37.2         |
| Capital distributed by consolidated investment products                 | —          | (172.4 )       | —        | —        | —           | (172.4 )     |
| Net borrowings/(repayments) of debt of consolidated investment products | —          | (513.3 )       | —        | —        | —           | (513.3 )     |
| Net borrowings/(repayments) under credit facility                       | (31.0 )    | —              | —        | —        | —           | (31.0 )      |
| Net intercompany borrowings/(repayments)                                | (299.9 )   | (69.1 )        | 107.7    | 261.3    | —           | —            |
| Other net increases/(decreases) in financing activities                 | —          | 2.3            | (0.1 )   | 12.5     | —           | 14.7         |
| Net cash (used in)/provided by financing activities                     | (214.9 )   | (1,098.5 )     | 59.2     | (383.3 ) | 315.4       | (1,322.1 )   |
| (Decrease)/increase in cash and cash equivalents                        | 8.2        | (18.8 )        | 2.0      | (0.6 )   | —           | (9.2 )       |
| Foreign exchange movement on cash and cash equivalents                  | —          | (3.9 )         | —        | —        | —           | (3.9 )       |
| Cash and cash equivalents, beginning of year                            | 12.4       | 725.9          | 1.1      | 1.1      | —           | 740.5        |
| Cash and cash equivalents, end of year                                  | 20.6       | 703.2          | 3.1      | 0.5      | —           | 727.4        |



## Revised Condensed Consolidating Statements of Cash Flows (continued)

| \$ in millions                                                          | Guarantors | Non-Guarantors | Issuer  | Parent   | Adjustments | Consolidated |
|-------------------------------------------------------------------------|------------|----------------|---------|----------|-------------|--------------|
| Year ended December 31, 2010                                            |            |                |         |          |             |              |
| Operating activities:                                                   |            |                |         |          |             |              |
| Net cash provided by/(used in) operating activities                     | 298.1      | 103.7          | (7.3 )  | 184.1    | (199.4 )    | 379.2        |
| Investing activities:                                                   |            |                |         |          |             |              |
| Capital contribution (to)/from subsidiary                               | —          | —              | (97.2 ) | 192.7    | (95.5 )     | —            |
| Purchase of investments by consolidated investment products             | —          | (2,367.7 )     | —       | —        | —           | (2,367.7 )   |
| Proceeds from sale of investments by consolidated investment products   | —          | 2,784.8        | —       | —        | —           | 2,784.8      |
| Returns of capital in investments of consolidated investment products   | —          | 81.5           | —       | —        | —           | 81.5         |
| Purchase of other investments                                           | (20.3 )    | (49.1 )        | —       | —        | —           | (69.4 )      |
| Acquisition of businesses                                               | (674.5 )   | (75.1 )        | —       | —        | —           | (749.6 )     |
| Other net increases/(decreases) in investing activities                 | (47.6 )    | 28.4           | 1.8     | —        | —           | (17.4 )      |
| Net cash (used in)/provided by investing activities                     | (742.4 )   | 402.8          | (95.4 ) | 192.7    | (95.5 )     | (337.8 )     |
| Financing activities:                                                   |            |                |         |          |             |              |
| Capital contribution from/(to) parent                                   | 97.2       | (255.4 )       | 62.7    | —        | 95.5        | —            |
| Purchases of treasury shares                                            | —          | —              | —       | (192.2 ) | —           | (192.2 )     |
| Dividends paid                                                          | —          | (199.4 )       | —       | (197.9 ) | 199.4       | (197.9 )     |
| Capital invested into consolidated investment products                  | —          | 24.3           | —       | —        | —           | 24.3         |
| Capital distributed by consolidated investment products                 | —          | (97.2 )        | —       | —        | —           | (97.2 )      |
| Net borrowings/(repayments) of debt of consolidated investment products | —          | (207.3 )       | —       | —        | —           | (207.3 )     |
| Net borrowings/(repayments) under credit facility                       | 570.0      | —              | —       | —        | —           | 570.0        |
| Net intercompany borrowings/(repayments)                                | (310.9 )   | 275.9          | 40.9    | (5.9 )   | —           | —            |
| Other net increases/(decreases) in financing activities                 | —          | 14.9           | —       | 19.5     | —           | 34.4         |
| Net cash provided by/(used in) financing activities                     | 356.3      | (444.2 )       | 103.6   | (376.5 ) | 294.9       | (65.9 )      |
| (Decrease)/increase in cash and cash equivalents                        | (88.0 )    | 62.3           | 0.9     | 0.3      | —           | (24.5 )      |
| Foreign exchange movement on cash and cash equivalents                  | —          | 3.0            | —       | —        | —           | 3.0          |
| Cash and cash equivalents, beginning of year                            | 100.4      | 660.6          | 0.2     | 0.8      | —           | 762.0        |
| Cash and cash equivalents, end of year                                  | 12.4       | 725.9          | 1.1     | 1.1      | —           | 740.5        |



## Revised Condensed Consolidating Statements of Cash Flows (continued)

| \$ in millions                                                        | Guarantors | Non-Guarantors | Issuer   | Parent   | Adjustments | Consolidated |
|-----------------------------------------------------------------------|------------|----------------|----------|----------|-------------|--------------|
| Year ended December 31, 2009                                          |            |                |          |          |             |              |
| Operating activities:                                                 |            |                |          |          |             |              |
| Net cash provided by/(used in) operating activities                   | (34.4 )    | 344.0          | (19.8 )  | 216.1    | (143.2 )    | 362.7        |
| Investing activities:                                                 |            |                |          |          |             |              |
| Capital contribution (to)/from subsidiary                             | —          | —              | (173.3 ) | (538.0 ) | 711.3       | —            |
| Purchase of investments by consolidated investment products           | —          | (44.1 )        | —        | —        | —           | (44.1 )      |
| Proceeds from sale of investments by consolidated investment products | —          | 34.2           | —        | —        | —           | 34.2         |
| Returns of capital in investments of consolidated investment products | —          | 17.9           | —        | —        | —           | 17.9         |
| Purchase of other investments                                         | (6.1 )     | (82.4 )        | —        | —        | —           | (88.5 )      |
| Proceeds from sale of investments                                     | 0.5        | 22.3           | 278.2    | —        | (269.2 )    | 31.8         |
| Other net increases/(decreases) in investing activities               | (20.7 )    | (33.0 )        | —        | —        | —           | (53.7 )      |
| Net cash (used in)/provided by investing activities                   | (26.3 )    | (85.1 )        | 104.9    | (538.0 ) | 442.1       | (102.4 )     |
| Financing activities:                                                 |            |                |          |          |             |              |
| Capital contribution from/(to) parent                                 | 173.3      | 538.0          | —        | —        | (711.3 )    | —            |
| Purchases of treasury shares                                          | —          | —              | —        | (269.2 ) | 269.2       | —            |
| Issuance of new shares                                                | —          | —              | —        | 441.8    | —           | 441.8        |
| Proceeds from exercises of share options                              | —          | —              | —        | 80.0     | —           | 80.0         |
| Dividends paid                                                        | —          | (143.2 )       | —        | (168.9 ) | 143.2       | (168.9 )     |
| Capital invested into consolidated investment products                | —          | 7.2            | —        | —        | —           | 7.2          |
| Capital distributed by consolidated investment products               | —          | (52.1 )        | —        | —        | —           | (52.1 )      |
| Net borrowings/(repayments) under credit facility                     | —          | —              | (12.0 )  | —        | —           | (12.0 )      |
| Repayments of senior notes                                            | —          | —              | (397.2 ) | —        | —           | (397.2 )     |
| Net intercompany borrowings/(repayments)                              | (434.6 )   | (126.8 )       | 322.5    | 238.9    | —           | —            |
| Other net increases/(decreases) in financing activities               | —          | 0.4            | 0.1      | —        | —           | 0.5          |
| Net cash (used in)/provided by financing activities                   | (261.3 )   | 223.5          | (86.6 )  | 322.6    | (298.9 )    | (100.7 )     |
| (Decrease)/increase in cash and cash equivalents                      | (322.0 )   | 482.4          | (1.5 )   | 0.7      | —           | 159.6        |
| Foreign exchange movement on cash and cash equivalents                | —          | 17.2           | —        | —        | —           | 17.2         |
| Cash and cash equivalents, beginning of year                          | 422.4      | 161.0          | 1.7      | 0.1      | —           | 585.2        |
| Cash and cash equivalents, end of year                                | 100.4      | 660.6          | 0.2      | 0.8      | —           | 762.0        |



## 22. RELATED PARTIES

Certain managed funds are deemed to be affiliated entities under the related party definition in ASC 850, "Related Party Disclosures." Additionally, related parties include those defined in the company's currently effective proxy statement.

|                                     | Years ended December 31, |         |         |
|-------------------------------------|--------------------------|---------|---------|
|                                     | 2011                     | 2010    | 2009    |
| \$ in millions                      |                          |         |         |
| Affiliated operating revenues:      |                          |         |         |
| Investment management fees          | 2,694.3                  | 2,349.0 | 1,913.5 |
| Service and distribution fees       | 779.7                    | 645.0   | 412.1   |
| Performance fees                    | 33.0                     | 22.1    | 18.6    |
| Other                               | 128.9                    | 93.3    | 63.0    |
| Total affiliated operating revenues | 3,635.9                  | 3,109.4 | 2,407.2 |

|                                | As of December 31, |         |
|--------------------------------|--------------------|---------|
|                                | 2011               | 2010    |
| \$ in millions                 |                    |         |
| Affiliated asset balances:     |                    |         |
| Cash equivalents               | 257.7              | 289.6   |
| Unsettled fund receivables     | 178.8              | 157.0   |
| Accounts receivable            | 247.8              | 261.2   |
| Current investments            | 248.9              | 269.0   |
| Assets held for policyholders  | 1,243.1            | 1,295.0 |
| Other current assets           | 22.1               | 25.4    |
| Non-current investments        | 184.5              | 162.2   |
| Other non-current assets       | 1.9                | 1.6     |
| Affiliated asset balances      | 2,384.8            | 2,461.0 |
| Affiliated liability balances: |                    |         |
| Unsettled fund payables        | 205.0              | 226.1   |
| Other current liabilities      | 63.5               | 55.1    |
| Other non-current liabilities  | 191.6              | 143.7   |
| Affiliated liability balances  | 460.1              | 424.9   |

## 23. SUBSEQUENT EVENTS

On January 26, 2012, the company declared a fourth quarter 2011 dividend of \$0.1225 per share, payable on March 9, 2012, to shareholders of record at the close of business on February 23, 2012.

On February 23, 2012, the company received notification from the Canada Revenue Agency (CRA) of its intent to assess a company subsidiary related to various prior taxation periods for goods and services tax on revenue for which management fee rebates had been applied in those periods. The estimated assessment, related interest, and penalty amounts are expected to be approximately \$20 million. Management believes that the CRA's claims are unfounded and that these assessments are unlikely to stand, and accordingly no provision has been recorded in the Consolidated Financial Statements.





## 24. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2011-05

In June 2011, the FASB issued Accounting Standards Update 2011-05, “Comprehensive Income: Presentation of Comprehensive Income” (ASU 2011-05). ASU 2011-05 amends Topic 220 to require the components of net income and other comprehensive income to be presented in one continuous statement, which would be referred to as the statement of comprehensive income, or in two separate but consecutive statements. ASU 2011-05 also required an entity to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income alongside their respective components of net income and other comprehensive income. This requirement in ASU 2011-05 was amended and deferred in December 2011, when the FASB issued Accounting Standards Update No. 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05” (ASU 2011-12). As a result of ASU 2011-12, an entity will continue to report items that are reclassified from accumulated other comprehensive income consistent with the requirements in Topic 220 in effect before the adoption of ASU 2011-05. The amendments to Topic 220 made by ASU 2011-05 and the amendments to ASU 2011-05 made by ASU 2011-12 became effective for the company beginning January 1, 2012 and required retrospective adoption. As such, these presentation changes have been retrospectively applied to the financial statements included in this Form 10-K/A.

## PART IV

### Item 15. Exhibits and Financial Statement Schedule

(a)(1) The financial statements filed as part of this Report are listed in Part II, Item 8, “Financial Statements and Supplementary Data.”

(a)(2) No financial statement schedules are required to be filed as part of this Report because all such schedules have been omitted. Such omission has been made on the basis that information is provided in the financial statements or related footnotes in Part II, Item 8, “Financial Statements and Supplementary Data,” or is not required to be filed as the information is not applicable.

(a)(3) The exhibits listed on the Exhibit Index are included with this Report.

Exhibit Index

(Note: References herein to “AMVESCAP,” “AMVESCAP PLC” or “INVESCO PLC” are to the predecessor registrant to Invesco Ltd.)

- 3.1 Memorandum of Association of Invesco Ltd., incorporating amendments up to and including December 4, 2007, incorporated by reference to exhibit 3.1 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
- 3.2 Amended and Restated Bye-Laws of Invesco Ltd., incorporating amendments up to and including December 4, 2007, incorporated by reference to exhibit 3.2 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
- 4.1 Specimen Certificate for Common Shares of Invesco Ltd., incorporated by reference to exhibit 4.1 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
- 4.2 Indenture, dated as of February 27, 2003, for AMVESCAP’s 5.375% Senior Notes Due 2013, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.12 to AMVESCAP’s Annual Report on Form 20-F for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003
- 4.3 Indenture, dated as of December 14, 2004, for AMVESCAP’s 5.375% Senior Notes due 2014, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.11 to AMVESCAP’s Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005
- 4.4 Indenture, dated as of April 11, 2007, for AMVESCAP’s 5.625% Senior Notes Due 2012, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and The Bank of New York Trust Company, N.A., incorporated by reference to exhibit 99.1 to AMVESCAP’s Report on Form 6-K, filed with the Securities and Exchange Commission on April 18, 2007
- 4.5 Supplemental Indenture No. 2, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and The Bank of New York Trust Company, N.A., incorporated by reference to exhibit 4.2 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.6 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.3 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.7 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.4 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.8 Supplemental Indenture No. 3, dated as of June 9, 2009, for the 5.625% Senior Notes due 2012, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), IVZ, Inc., and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to exhibit 4.8 to Invesco’s Annual Report on Form 10-K for

- the year ended December 31, 2009, filed with the Securities and Exchange Commission on February 26, 2010
- 4.9 Supplemental Indenture No. 2, dated as of June 9, 2009, for the 5.375% Senior Notes due 2013, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), IVZ, Inc., and U.S. Bank National Association, as successor trustee to SunTrust Bank., incorporated by reference to exhibit 4.9 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission on February 26, 2010
- 4.1 Supplemental Indenture No. 2, dated as of June 9, 2009, for the 5.375% Senior Notes due 2014, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), IVZ, Inc., and U.S. Bank National Association, as successor trustee to SunTrust Bank, incorporated by reference to exhibit 4.10 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission on February 26, 2010
- 4.1 Guarantee, dated February 27, 2003, with respect to AMVESCAP's 5.375% Senior Notes Due 2013, made by A I M Management Group Inc., A I M Advisors, Inc., INVESCO Institutional (N.A.), Inc. and INVESCO North American Holdings, Inc., incorporated by reference to exhibit 4.20 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003

- 10.1 Credit Agreement, dated as of May 24, 2010, among Invesco Holding Company Limited, IVZ, Inc., Invesco Ltd., the banks, financial institutions and other institutional lenders from time to time a party thereto and Bank of America, N.A., as administrative agent, incorporated by reference to exhibit 10.1 to Invesco's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, filed with the Securities and Exchange Commission on August 2, 2010
- 10.2 Amended and Restated Credit Agreement, dated as of June 3, 2011, among Invesco Holding Company Limited, IVZ, Inc., Invesco Finance Limited, Invesco Finance, Inc., Invesco Ltd., the banks, financial institutions and other institutional lenders from time to time a party thereto and Bank of America, N.A., as administrative agent, incorporated by reference to exhibit 10 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 23, 2011
- 10.3 Third Amended and Restated Purchase and Sale Agreement, dated as of August 18, 2003, among Citibank, N.A., Citicorp North America, Inc., A I M Management Group Inc., A I M Distributors, Inc., A I M Advisors, Inc. and Invesco Funds Group, Inc., incorporated by reference to exhibit 10.2 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.4 Amendment No. 4 to Facility Documents, dated as of August 24, 2001 among A I M Management Group Inc., A I M Advisors, Inc., A I M Distributors, Inc., Citibank, N.A., Bankers Trust Company and Citicorp North America, Inc., incorporated by reference to exhibit 4.4 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2001, filed with the Securities and Exchange Commission on April 4, 2002
- 10.5 Amendment No. 5 to Facility Documents, dated as of August 18, 2003, among Invesco Funds Group, Inc., A I M Management Group Inc., A I M Advisors, Inc., A I M Distributors, Inc., Citibank, N.A., Citicorp North America, Inc. and Deutsche Bank Trust Company Americas, incorporated by reference to exhibit 10.4 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.6 Invesco Ltd. 2008 Global Equity Incentive Plan, as amended and restated effective February 1, 2009, incorporated by reference to exhibit 10.6 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.7 Amendment No. 1, effective as of July 30, 2010, to the Invesco Ltd. 2008 Global Equity Incentive Plan, as amended and restated effective February 1, 2009, incorporated by reference to exhibit 10.1 to Invesco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, filed with the Securities and Exchange Commission on November 2, 2010
- 10.8 Form of Restricted Stock Award Agreement - Time Vesting under the Invesco Ltd. 2008 Global Equity Incentive Plan, incorporated by reference to exhibit 10.2 to Invesco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, filed with the Securities and Exchange Commission on November 7, 2008
- 10.9 Form of Restricted Stock Unit Award Agreement - Time Vesting under the Invesco Ltd. 2008 Global Equity Incentive Plan, incorporated by reference to exhibit 10.3 to Invesco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, filed with the Securities and Exchange Commission on November 7, 2008
- 10.10 Form of Award Agreement for Non-Executive Directors under the Invesco Ltd. 2008 Global Equity Incentive Plan, incorporated by reference to exhibit 10.11 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on February 25, 2011
- 10.11 Invesco Ltd. 2011 Global Equity Incentive Plan, effective May 26, 2011, incorporated by reference to Appendix A to Invesco's Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on April 14, 2011
- 10.12 Form of Restricted Stock Award Agreement - Time Vesting under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.12 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.13 Form of Restricted Stock Unit Award Agreement - Time Vesting - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.13 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012

- 10.14 Form of Restricted Stock Award Agreement - Performance Vesting - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.14 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.15 Form of Restricted Stock Unit Award Agreement - Performance Vesting - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.15 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.16 Form of Restricted Stock Award Agreement - Time Vesting - with respect to Martin L. Flanagan - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.16 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.17 Form of Restricted Stock Award Agreement - Performance Vesting - with respect to Martin L. Flanagan - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.17 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012

- 10.18 Form of Restricted Stock Unit Award Agreement - Time Vesting – Canada (Tranches 1-3) - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.18 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.19 Form of Restricted Stock Unit Award Agreement - Time Vesting – Canada (Tranche 4) - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.19 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.20 Form of Restricted Stock Unit Award Agreement - Performance Vesting – Canada (Tranches 1-3) - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.20 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.21 Form of Restricted Stock Unit Award Agreement - Performance Vesting – Canada (Tranche 4) - under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.21 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.22 Form of Award Agreement for Non-Executive Directors under the Invesco Ltd. 2011 Global Equity Incentive Plan, incorporated by reference to exhibit 10.22 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.23 Invesco Ltd. Executive Incentive Bonus Plan, as amended and restated effective January 1, 2009, incorporated by reference to exhibit 10.7 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.24 Invesco Ltd. Amended and Restated 2005 Non-Qualified Deferred Compensation Plan, effective as of January 1, 2009, incorporated by reference to exhibit 10.8 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.25 No. 3 Executive Share Option Scheme, as revised as of August 2006, incorporated by reference to exhibit 10.6 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.26 2000 Share Option Plan, as revised as of January 26, 2005, incorporated by reference to exhibit 10.7 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.27 Deferred Fees Share Plan, as amended and restated effective December 10, 2008, incorporated by reference to exhibit 10.13 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.28 Second Amended and Restated Master Employment Agreement, dated April 1, 2011, between Invesco Ltd. and Martin L. Flanagan, incorporated by reference to exhibit 10.1 to Invesco’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed with the Securities and Exchange Commission on April 29, 2011
- 10.29 Global Partner Agreement, dated November 10, 2005, between AMVESCAP PLC and Loren M. Starr, incorporated by reference to exhibit 10.14 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.30 Global Partner Agreement, dated January 1, 2001, between AIM Funds Management Inc. and Philip A. Taylor, incorporated by reference to exhibit 10.15 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.31 Global Partners Employment Contract, dated April 1, 2000, between INVESCO Pacific Holdings Limited and Andrew Lo, incorporated by reference to exhibit 10.17 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.32 Senior Managing Director Agreement, between Andrew Lo and Invesco Group Services, Inc., effective as of January 1, 2010, incorporated by reference to exhibit 10.32 to Invesco’s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012

- 10.33 Global Partner Agreement, dated January 3, 2001, between James I. Robertson and AMVESCAP Group Services, Inc., incorporated by reference to exhibit 4.16 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005
- 10.34 Employment Agreement, dated October 10, 2011, between G. Mark Armour and Invesco Asset Management Australia (Holdings) Limited, incorporated by reference to exhibit 10.34 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 10.35 Transaction Agreement, dated as of October 19, 2009, between Morgan Stanley and Invesco Ltd., incorporated by reference to exhibit 10.1 to Invesco's Quarterly Report on Form 10-Q for the quarter ended September 20, 2009, filed with the Securities and Exchange Commission on October 30, 2009
- 10.36 Amendment, dated as of May 28, 2010, to Transaction Agreement, dated as of October 19, 2009, between Morgan Stanley and Invesco Ltd., incorporated by reference to exhibit 10.2 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 2, 2010



- 21.0 List of Subsidiaries, incorporated by reference to exhibit 21 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 24, 2012
- 23.1 Consent of Ernst & Young LLP, dated February 24, 2012 (except for Notes 21 and 24 as to which the date is October 30, 2012)
- 31.1 Certification of Martin L. Flanagan pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Loren M. Starr pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Martin L. Flanagan pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Loren M. Starr pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Invesco Ltd.

By: /s/ MARTIN L. FLANAGAN  
Name: Martin L. Flanagan  
Title: President and Chief Executive Officer  
Date: October 30, 2012