

# INVESCO LTD.

## FORM 10-K (Annual Report)

Filed 02/21/14 for the Period Ending 12/31/13

|             |   |
|-------------|---|
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| CIK         | 0000914208  |
| Symbol      | IVZ   |
| SIC Code    | 6282 - Investment Advice                                    |
| Industry    | Investment Services   |
| Sector      | Financial   |
| Fiscal Year | 12/31   |

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

**Form 10-K**

(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, 2013**  
**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 if the registrant is a well-known, seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. 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

Accelerated filer

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

Smaller reporting company

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 28, 2013, the aggregate market value of the voting stock held by non-affiliates was \$12.0 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, 2014, the most recent practicable date, the number of Common Shares outstanding was 433,151,051.

**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, 2013.

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We include cross references to captions elsewhere in this Annual Report on Form 10-K, which we refer to as this “Report,” where you can find related additional information. The following table of contents tells you where to find these captions.

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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 future results of our operations, expenses, earnings, liquidity, cash flows and capital expenditures, industry or market conditions, assets under management, acquisitions and divestitures, debt and our ability to obtain additional financing or make payments, 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 and 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:

- significant fluctuations in the performance of debt and equity markets worldwide;
- any inability to adjust our expenses quickly enough to match significant deterioration in markets;
- 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;
- the investment performance of our investment products;
- variations in demand for our investment products or services, including termination or non-renewal of our investment advisory agreements;
- the effect of economic conditions and fluctuations in interest rates in the U.S. or globally;
- adverse changes in laws or regulations, or adverse results in litigation, including private civil litigation related to mutual fund fees and any similar potential regulatory or other proceedings, governmental investigations, and enforcement actions;
- our ability to attract and retain key personnel, including investment management professionals;
- harm to our reputation;
- our ability to comply with client contractual requirements and/or investment guidelines despite preventative compliance procedures and controls;
- competitive pressures in the investment management business which may force us to reduce fees we earn;
- the effect of consolidation in the investment management business;
- the effect of non-performance by our counterparties;
- 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;
- our ability to implement our ongoing company-wide transformational initiatives;
- our ability to access the capital markets in a timely manner;
- our debt and the limitations imposed by our credit facility;
- limitations or restrictions on access to distribution channels for our products;
- the occurrence of breaches and errors in the conduct of our business, including any failure to properly safeguard confidential and sensitive information;
- the effect of failures or delays in support systems or customer service functions, and other interruptions of our operations;
- 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;
- exchange rate fluctuations, especially as against the U.S. Dollar;
- impairment of goodwill and other intangible assets; and
- 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.

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 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

## PART I

### Item 1. *Business*

#### Introduction

Invesco is a leading independent global investment manager operating in more than 20 countries. As of December 31, 2013, the firm managed \$778.7 billion in assets for investors around the world. By delivering the combined power of our distinctive investment management capabilities, Invesco provides a comprehensive range of enduring solutions for our clients. We have a significant presence in the institutional and retail markets within the investment management industry in North America, U.K., Europe and Asia-Pacific, serving clients in more than 100 countries.

The key drivers of success for Invesco are long-term investment performance, effective distribution relationships, and high-quality client service delivered across a diverse spectrum of investment management capabilities, distribution channels, geographic areas and market exposures. By achieving success in these areas, we seek to generate competitive investment results, positive net flows, increased assets under management (AUM) and associated revenues. We are affected significantly by market movements, which are beyond our control; however, we endeavor to mitigate the impact of market movements by maintaining broad diversification across asset classes, investment vehicles, client domiciles and geographies. We measure relative investment performance by comparing our investment capabilities to competitors' products, industry benchmarks and client investment objectives. Generally, distributors, investment advisors and consultants take into consideration longer-term investment performance (e.g., three-year and five-year performance) in their selection of investment products and manager recommendations to their clients, although shorter-term performance may also be an important consideration. Third-party ratings may also influence client investment decisions. Quality of client service is monitored in a variety of ways, including periodic client satisfaction surveys, analysis of response times and redemption rates, competitive benchmarking of services and feedback from investment consultants.

Invesco Ltd. is organized under the laws of Bermuda, and our common shares are listed and traded on the New York Stock Exchange under the symbol “IVZ.” We maintain a Web site at [www.invesco.com](http://www.invesco.com). (Information contained on our Web site shall not be deemed to be part of, or be incorporated into, this document).

#### Strategy

The company focuses on four key strategic objectives that are designed to further strengthen our business over time and help ensure our long-term success:

- Achieve strong, long-term investment performance across distinct investment capabilities with clearly articulated investment philosophies and processes, aligned with client needs;
- Be instrumental to our clients' success by delivering our distinctive investment capabilities worldwide to meet their needs;
- Harness the power of our global platform by continuously improving executional effectiveness to enhance quality and productivity, and allocating our resources to the opportunities that will best benefit clients and our business; and
- Perpetuate a high-performance organization by driving greater transparency, accountability, fact-based decision making and execution at all levels.

Since 2005, when we adopted our strategy to become an integrated global asset manager, Invesco has taken a number of steps to unify our business and present the organization as a single firm to our clients around the world. We believe this work has strengthened Invesco's ability to operate more efficiently and effectively as an integrated, global organization. We take a unified approach to our business and present our financial statements and other disclosures under the single operating segment “investment management.” See Item 8, Financial Statements and Supplementary Data - Note 17, “Geographic Information,” for a geographic breakdown of our consolidated operating revenues for the years ended December 31, 2013, 2012 and 2011.

One of Invesco's great strengths is our separate, distinct investment teams in multiple markets across the globe. A key focus of our business is fostering a strong investment culture and providing the support that enables our investment teams to maintain well-performing investment capabilities. The ability to leverage the capabilities of our investment teams to meet client demand across the globe is a significant differentiator for our firm. As an example, real estate securities and REITs managed in Dallas were first introduced to the U.S. institutional and retail markets in 1988. A few years later, we saw demand for this highly marketable capability in Japan and Australia, and made it available to investors through mutual funds in those markets. We introduced our REIT capability to the European cross-border market in August 2005 and to the Canadian retail market in 2007. We have also had success expanding our industry-leading balanced risk allocation capability globally. While this capability was initially created for institutional clients in the U.S. market, Invesco quickly expanded to the retail market with mutual funds in the U.S. and in the cross-border market. In 2013, Invesco further expanded its multi-asset capability with the addition of a dedicated multi-asset team in the U.K.

## Recent Developments

Throughout 2013, we continued to execute our long-term strategy, which further improved our ability to serve clients, strengthened our investment reputation, and helped to deliver competitive levels of operating income and margins. We also took advantage of opportunities in the market and continued to invest in our products and capabilities, our brand, our global platform and our people in ways that strengthened our business and competitive position for long-term success. In late 2013, we launched the Global Targeted Return product line, with strong flows to the new fund in the U.K. market in the fourth quarter. In addition, late in 2013, we launched a number of new "liquid alternative" capabilities. These capabilities leverage the firm's 25 years of experience managing alternative assets to bring existing institutional-quality alternative investment capabilities to our retail clients. The company launched more funds in the fourth quarter of 2013 than in any year within the last five years.

On October 15, 2013, the company announced that the Head of U.K. Equities, Neil Woodford, will be leaving on April 29, 2014. Mark Barnett will succeed Mr. Woodford as Head of U.K. Equities. As of December 31, 2013, Mr. Woodford was the named lead manager for U.K. Equity AUM totaling \$46.6 billion. Between October 15, 2013 and December 31, 2013, U.K. equity income AUM experienced net outflows of \$4.8 billion. Our total AUM in EMEA (Europe, Middle East and Africa) at December 31, 2013 was \$171.9 billion. Excluding the net outflows from U.K. equity income, EMEA long-term net inflows for the fourth quarter of 2013 were \$4.3 billion.

On December 31, 2013, the company completed the sale of Atlantic Trust Private Wealth Management (Atlantic Trust) to Canadian Imperial Bank of Commerce (CIBC). The transaction offered compelling advantages to the shareholders of Invesco, including improved allocation of capital and resources to support future growth of our core investment management business, and immediate expansion of the company's net operating margin. The results of Atlantic Trust, together with expenses and gain associated with the sale, are reflected as discontinued operations in the Consolidated Statements of Income and are therefore excluded from the continuing operations of Invesco. Comparative periods shown in the Consolidated Statements of Income have been adjusted to conform with this presentation. Similarly, total AUM excludes the AUM of Atlantic Trust with comparative periods adjusted to a consistent basis.

Invesco's continued progress against a multi-year strategy set a firm foundation for the company's many achievements throughout the year. Specifically, the firm:

- Maintained strong, long-term investment performance - 83% of actively managed assets ahead of peers\* on a 3-year basis at year-end;
- Made solid progress toward building world-class fixed income capabilities anchored by a scaled global fixed income center and key hires;
- Continued to meet client demand by broadening our investment capabilities, including the introduction of new multi-asset capabilities and liquid alternative products;
- Completed the outsourcing of our European transfer agency processes;
- Completed the divestiture of Atlantic Trust to CIBC; and
- Successfully closed the acquisition of a minority joint venture investment in Religare Invesco Asset Management, a company in the fast-growing India market.

Together, these efforts drove meaningful organic growth across the firm, with positive net flows of \$34.4 billion for our business in 2013 .

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\* As of December 31, 2013 , 83% of ranked assets were performing ahead of peers on a 3-year basis. Of total Invesco AUM, 61% were ranked at year-end. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Investment Capabilities Performance Overview," for more discussion of AUM rankings by investment capability.

## Certain Demographic and Industry Trends

Demographic and economic trends around the world continue to transform the investment management industry and underscore the need to be well diversified with broad capabilities globally and across asset classes:

- As the “baby boomer” generation continues to mature, there is a large segment of the world population that is reaching retirement age. Economic growth in some emerging market countries has created a large and rapidly expanding middle class with accelerating levels of wealth. As a result, there is a high degree of global demand for an array of investment solutions that span the breadth of investment capabilities, with a particular emphasis on savings vehicles for retirement. We believe Invesco, as one of the few truly global, independent investment managers, is very well positioned to attract these retirement assets through its products that are focused on long-term investment performance.
- Given the dynamics of the global markets over the past year, we have seen increased demand for investment solutions that provide reasonable returns in volatile markets. Investors increasingly recognize the need for reducing downside risk while maintaining upside participation. Invesco has been growing rapidly in this market space and has a market-leading asset allocation capability.
- Investors are increasingly seeking to invest outside their domestic markets in order to increase their returns and mitigate risk. They seek firms that operate globally and have investment expertise in markets around the world.
- Although the U.S. and Europe are currently the two largest markets for financial assets by a wide margin, other markets in the world, such as China and India, are rapidly growing. As these population-heavy markets mature, we believe investment managers that are truly global will be in the best position to capture this growth. Additionally, population age differences between emerging and developed markets will result in differing investment needs and horizons among countries. Asset allocation and pension type also differ substantially among countries. We believe firms such as Invesco, with diversified investment capabilities and product types, are best positioned to meet clients' needs in these markets. Invesco has a meaningful and expanding market presence in many of the world's most attractive regions, including the U.S., Canada, Western Europe and the U.K., the Middle East and Asia-Pacific. We believe our strong and growing presence in established and emerging markets provides significant long-term growth potential for our business.
- The global trend towards the provision of defined contribution retirement plans continues, although significant opportunity remains for managers to increase defined benefit market share. Invesco has the capability to serve both the defined benefit and defined contribution markets globally.

We believe Invesco is well positioned to take advantage of opportunities created by global demographic and industry trends. Our comprehensive range of investment capabilities and broad diversification enable us to continue building our business and strengthening our competitive position through a variety of economic and market environments. Our multi-year strategy is designed to leverage our global presence, our distinctive investment management capabilities and our talented people to further grow our business and foster our long-term success.

## Investment Management Capabilities

Supported by a global platform, Invesco delivers a comprehensive array of investment capabilities and services to retail and institutional investors. We have a significant presence in the retail and institutional markets within the investment management industry in North America, Europe and Asia-Pacific, serving clients in more than 100 countries.

We believe that the proven strength of our distinct and globally located investment centers and their well-defined investment disciplines and risk management provide us with a competitive advantage. There are few independent investment managers with teams as globally diverse as Invesco's and with the same breadth and depth of investment capabilities and vehicles. We offer multiple investment objectives within the various asset classes and products that we manage. Our asset classes, broadly defined, include money market, balanced, equity, fixed income, and alternatives. Approximately 49% of our AUM as of December 31, 2013, were invested in equity securities and 51% in fixed income and other investments (December 31, 2012 : 44.3% in equity and 55.7% in fixed income and other investments).

The following sets forth our managed investment objectives by asset class:

| <u>Money Market</u>  | <u>Balanced</u>       | <u>Equity</u>                | <u>Fixed Income</u>                     | <u>Alternatives</u>                     |
|----------------------|-----------------------|------------------------------|---|---|
| ●Cash Plus           | ●Balanced Risk        | ●Emerging Markets            | ●Convertibles                           | ●Absolute Return                        |
| ●Government/Treasury | ●Global               | ●Enhanced Index/Quantitative | ●Core/Core Plus                         | ●Commodities                            |
| ●Prime               | ●Single Country       | ●International/Global        | ●Emerging Markets                       | ☞ Currencies                            |
| ●Taxable             | ●Target Date          | ●Large Cap Core              | ●Enhanced Cash                          | ●Financial Structures                   |
| ●Tax-Free            | ●Target Risk          | ●Large Cap Growth            | ●Government Bonds                       | ●Global Macro                           |
|                      | ●Traditional Balanced | ●Large Cap Value             | ●High-Yield Bonds                       | ●Long/Short Equity                      |
|                      |                       | ●Low Volatility              | ●Intermediate Term                      | ●Managed Futures                        |
|                      |                       | ●Mid Cap Core                | ●International/Global                   | ●Private Capital - Direct               |
|                      |                       | ●Mid Cap Growth              | ●Investment Grade Credit                | ●Private Capital - Fund of Funds        |
|                      |                       | ●Mid Cap Value               | ●Multi-Sector                           | ●Private Direct Real Estate – Asia      |
|                      |                       | ●Regional/Single Country     | ●Municipal Bonds                        | ●Private Direct Real Estate – Europe    |
|                      |                       | ●Sector Funds                | ●Passive/Enhanced                       | ●Private Direct Real Estate – U.S.      |
|                      |                       | ●Small Cap Core              | ●Short Term                             | ●Public Real Estate Securities – U.S.   |
|                      |                       | ●Small Cap Growth            | ●Stable Value                           | ●Public Real Estate Securities – Global |
|                      |                       | ●Small Cap Value             | ●Structured Securities (ABS, MBS, CMBS) | ●Senior Secured Loans                   |

## Distribution Channels

Retail AUM originates from clients investing into funds available to the public in the form of shares or units. Institutional AUM originates from individual corporate clients, endowments, foundations, government authorities, universities, or charities. AUM disclosure by distribution channel represents consolidated AUM distributed by type of sales team (the company's internal distribution channels). AUM amounts disclosed as retail channel AUM represents AUM distributed by the company's retail sales team; whereas AUM amounts disclosed as institutional channel AUM represents AUM distributed by the company's institutional sales team.

Since 2005, when the company adopted its strategy to become an integrated global asset manager, one of the steps taken was to unify the business and present the organization as a single firm to clients around the world. These efforts included increased efforts to cross-sell investment capabilities globally and better integrate internal sales forces. As a result, the company's retail and institutional sales forces are able to sell products that cross over traditional delineations of retail or institutional vehicle types. Therefore, not all products sold in the disclosed retail distribution channel are "retail" products, and not all products sold in the disclosed institutional channel are "institutional" products. This aggregation, however, is viewed as a proxy for presenting AUM in the retail and institutional markets in which we operate.

### *Retail*

Invesco is a significant provider of retail investment solutions to clients in all major markets including the U.S., U.K., Canada, Continental Europe and Asia. Retail AUM was \$519.6 billion at December 31, 2013 . We offer retail products within all of the major asset classes. Our retail products are primarily distributed through third-party financial intermediaries, including traditional broker-dealers, fund "supermarkets," retirement platforms, financial advisors, banks, insurance companies and trust companies.

The U.K., U.S. and Canadian retail operations rank among the largest by AUM in their respective markets. As of December 31, 2013 , Invesco Perpetual was one of the largest retail fund providers in the U.K.; Invesco's U.S. retail business was among the 10 largest non-proprietary fund complexes in the U.S. by long-term assets, including the Invesco Powershares franchise; and Invesco Canada was among the top 10 largest retail fund managers in Canada by long-term assets. Invesco Great Wall, our joint venture in China, was one of the largest Sino-foreign managers of equity products in China, with AUM of approximately \$10.1 billion as of December 31, 2013 . We provide our retail clients with one of the industry's most robust and comprehensive product lines.



*Institutional*

We provide investment solutions to institutional investors globally, with a major presence in the U.S., U.K., Continental Europe and Asia with \$259.1 billion in AUM as of December 31, 2013 . We offer a broad suite of domestic and global strategies, including traditional equities, structured equities, fixed income (including money market funds for institutional clients), real estate, private equity, distressed equities, financial structures and absolute return strategies. Regional sales forces distribute our products and provide services to clients and intermediaries around the world. We have a diversified client base that includes major public entities, corporations, unions, non-profit organizations, endowments, foundations, pension funds and financial institutions. Invesco's institutional money market funds serve some of the largest financial institutions and corporations in the world.

The following lists our investment vehicles by distribution channel:

**Retail**

- Closed-end Mutual Funds
- Exchange Traded Funds (ETF)
- Individual Savings Accounts
- Investment Companies with Variable Capital (ICVC)
- Investment Trusts
- Open-end Mutual Funds
- Separately Managed Accounts (SMA)
- Unit Investment Trusts (UIT)
- Variable Insurance Funds

**Institutional**

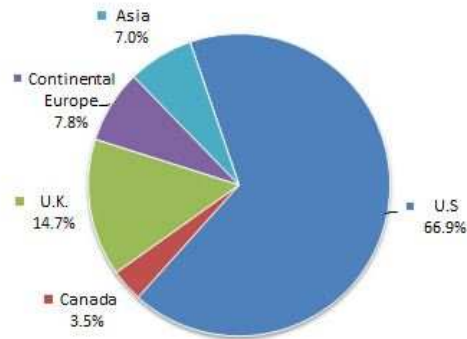
- Collective Trust Funds
- Exchange Traded Funds (ETF)
- Institutional Separate Accounts
- Open-end Mutual Funds
- Private Capital Funds

**AUM Diversification**

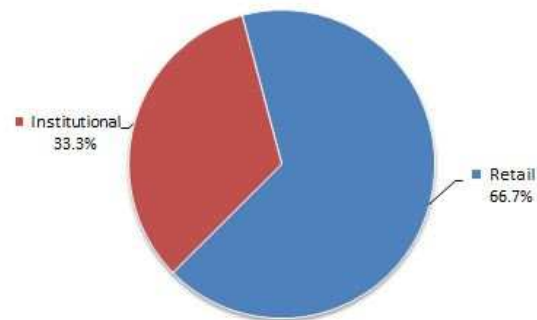
One of Invesco's greatest competitive strengths is the diversification in its AUM by client domicile, distribution channel and asset class. Our distribution network has attracted assets of 67% retail and 33% institutional as of December 31, 2013 . By client domicile, 33% of client AUM are outside the U.S., and we serve clients in more than 100 countries. The following tables present a breakdown of AUM by client domicile, distribution channel and asset class as of December 31, 2013 . Additionally, the fourth table below illustrates the split of our AUM as Passive and Active. Passive AUM includes ETFs, unit investment trusts (UITs), leveraged fund balances upon which we do not earn a fee, and other passive mandates. Active AUM is total AUM less Passive AUM.

**By Client Domicile**

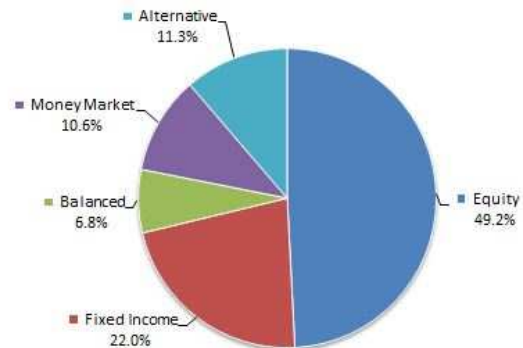
| (\$ in billions)   | Total        | 1-Yr Change |
|--------------------|--------------|-------------|
| U.S.               | 521.3        | 15.2%       |
| Canada             | 27.1         | 7.5%        |
| U.K.               | 114.8        | 12.7%       |
| Continental Europe | 60.9         | 57.0%       |
| Asia               | 54.6         | 11.4%       |
| <b>Total</b>       | <b>778.7</b> |             |

**By Distribution Channel**

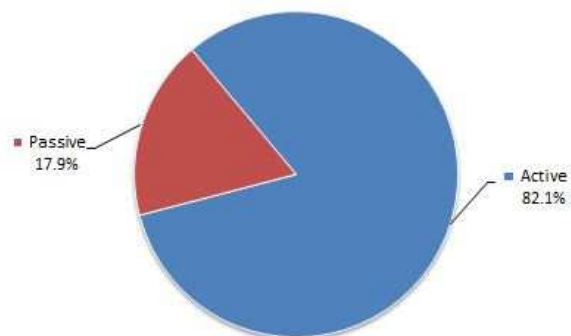
| (\$ in billions) | Total        | 1-Yr Change |
|------------------|--------------|-------------|
| Retail           | 519.6        | 22.0%       |
| Institutional    | 259.1        | 7.2%        |
| <b>Total</b>     | <b>778.7</b> |             |

**By Asset Class**

| (\$ in billions) | Total        | 1-Yr Change |
|------------------|--------------|-------------|
| Equity           | 383.1        | 29.6 %      |
| Fixed Income     | 171.7        | (0.1)%      |
| Balanced         | 53.3         | 22.2 %      |
| Money Market     | 82.7         | 12.8 %      |
| Alternatives     | 87.9         | 5.9 %       |
| <b>Total</b>     | <b>778.7</b> |             |

**Active vs. Passive**

| (\$ in billions) | Total        | 1-Yr Change |
|------------------|--------------|-------------|
| Active           | 639.0        | 15.5%       |
| Passive          | 139.7        | 22.5%       |
| <b>Total</b>     | <b>778.7</b> |             |



## Employees

As of December 31, 2013, on a continuing operations basis, the company had 5,932 employees across the globe. As of December 31, 2012 and 2011, we had 5,889 and 5,917 employees, respectively. As of December 31, 2012 and 2011, we had 6,128 and 6,162 employees including employees of the Atlantic Trust business, respectively. None of our employees are covered under collective bargaining agreements.

## Competition

The investment management business is highly competitive, with points of differentiation including investment performance, the range of products offered, brand recognition, business reputation, financial strength, the depth and continuity of relationships, quality of service and the level of fees charged for services. We compete with a large number of investment management firms, commercial banks, investment banks, broker dealers, hedge funds, insurance companies and other financial institutions. We believe that the quality and diversity of our investment styles, product types and channels of distribution enable us to compete effectively in the investment management business. We also believe being an independent investment manager is a competitive advantage, as our business model avoids conflicts that are inherent within institutions that both manage and distribute and/or service those products. Lastly, we believe continued execution against our multi-year strategy will further strengthen our long-term competitive position.

## Management Contracts

We derive substantially all of our revenues from investment management contracts with funds and other clients. Fees vary with the type of assets being managed, with higher fees earned on actively managed equity and balanced accounts, along with real estate and alternative asset products, and lower fees earned on fixed income, money market and stable value accounts, as well as certain ETFs. Investment management contracts are generally terminable upon thirty or fewer days' notice. Typically, retail investors may withdraw their funds at any time without prior notice. Institutional clients may elect to terminate their relationship with us or reduce the aggregate amount of assets under management with very short notice periods.

## Available Information

We file current and periodic reports, proxy statements and other information with the SEC, copies of which can be obtained from the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, at [www.sec.gov](http://www.sec.gov). We make available free of charge on our Web site, [www.invesco.com](http://www.invesco.com), our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

## Item 1A. Risk Factors

***Volatility and disruption in world capital and credit markets, as well as adverse changes in the global economy, can negatively affect Invesco's revenues, operations, financial condition and liquidity.***

In recent years, capital and credit markets have experienced substantial volatility. In this regard:

- In the event of extreme circumstances, including economic, political, or business crises, such as a widespread systemic failure or disruptions in the global financial system or additional failures of firms that have significant obligations as counterparties on financial instruments, we may suffer significant declines in AUM and severe liquidity or valuation issues in managed investment products in which client and company assets are invested, all of which would adversely affect our operating results, financial condition, liquidity, credit ratings, ability to access capital markets, and retention and ability to attract key employees. Additionally, these factors could impact our ability to realize the carrying value of our goodwill and other intangible assets.
- In addition to the impact of the market volatility on client portfolios, illiquidity and/or volatility of the global fixed income and/or equity markets could negatively affect our ability to manage client inflows and outflows or to timely meet client redemption requests.
- Our money market funds have always maintained a \$1.00 net asset value (NAV); however, we do not guarantee such level. Market conditions could lead to severe liquidity issues in money market products, which could affect their NAVs.

If the NAV of one of our money market funds were to decline below \$1.00 per share, such funds could experience significant redemptions in AUM, loss of shareholder confidence and reputational harm. Regulators in the U.S. have proposed mandating a variable (“floating”) NAV for money market funds.

- Even if legislative or regulatory initiatives or other efforts continue to stabilize the financial markets, we may need to modify our strategies, businesses or operations, and we may incur increased capital requirements and constraints or additional costs in order to satisfy new regulatory requirements or to compete in a changed business environment.

***We may not adjust our expenses quickly enough to match significant deterioration in global financial markets.***

If we are unable to effect appropriate expense reductions in a timely manner in response to declines in our revenues, or if we are otherwise unable to adapt to rapid changes in the global marketplace, our profitability, financial condition and results of operations would be adversely affected.

***Our revenues and profitability would be adversely affected by any reduction in AUM as a result of either a decline in market value of such assets or net outflows, which would reduce the investment management fees we earn.***

We derive substantially all of our revenues from investment management contracts with clients. Under these contracts, the investment management fees paid to us are typically based on the market value of AUM. AUM may decline for various reasons. For any period in which revenues decline, our income and operating margin may decline by a greater proportion because certain expenses remain fixed. Factors that could decrease AUM (and therefore revenues) include the following:

*Declines in the market value of the assets in the funds and accounts managed.* These could be caused by price declines in the securities markets generally or by price declines in the market segments in which our AUM are concentrated. Approximately 49% of our total AUM were invested in equity securities and approximately 51% were invested in fixed income and other investments at December 31, 2013 . Our AUM as of January 31, 2014 were \$764.9 billion . We cannot predict whether volatility in the markets will result in substantial or sustained declines in the securities markets generally or result in price declines in market segments in which our AUM are concentrated. Any of the foregoing could negatively impact our revenues, income and operating margin.

*Redemptions and other withdrawals from, or shifting among, the funds and accounts managed.* These could be caused by investors (in response to adverse market conditions or pursuit of other investment opportunities) reducing their investments in funds and accounts in general or in the market segments on which Invesco focuses; investors taking profits from their investments; poor investment performance of the funds and accounts managed by Invesco; and portfolio risk characteristics, which could cause investors to move assets to other investment managers. Poor performance relative to other investment management firms tends to result in decreased sales, increased redemptions of fund shares, and the loss of private institutional accounts, with corresponding decreases in our revenues. Failure of our funds and accounts to perform well could, therefore, have a material adverse effect on us. Furthermore, the fees we earn vary with the types of assets being managed, with higher fees earned on actively managed equity and balanced accounts, along with real estate and alternative asset products, and lower fees earned on fixed income, stable return accounts, and certain ETFs. Our revenues may decline if clients continue to shift their investments to lower fee accounts.

On October 15, 2013, the company announced that the Head of U.K. Equities, Neil Woodford, will be leaving on April 29, 2014. Mark Barnett will succeed Mr. Woodford as Head of U.K. Equities. As of December 31, 2013, Mr. Woodford was the named lead manager for U.K. Equity AUM totaling \$46.6 billion. Between October 15, 2013 and December 31, 2013, U.K. equity income AUM experienced net outflows of \$4.8 billion.

*Investments in international markets .* Investment products that we manage may have significant investments in international markets that are subject to significant risks of loss from political, economic, and diplomatic developments, currency fluctuations, social instability, changes in governmental policies, expropriation, nationalization, asset confiscation and changes in legislation related to non-U.S. ownership. International trading markets, particularly emerging markets and frontier markets, are often smaller, less liquid, less regulated and significantly more volatile than those in the U.S.

***Our investment advisory agreements are subject to termination or non-renewal, and our fund and other investors may withdraw their assets at any time.***

Substantially all of our revenues are derived from investment advisory agreements. Investment advisory agreements are generally terminable upon 30 or fewer days' notice. Agreements with U.S. mutual funds may be terminated with notice, or terminated in the event of an "assignment" (as defined in the Investment Company Act of 1940, as amended), and must be renewed annually by the disinterested members of each fund's board of directors or trustees, as required by law. In addition, the boards of trustees or directors of certain other fund accounts generally may terminate these investment advisory agreements upon written notice for any reason. Mutual fund and unit trust investors may generally withdraw their funds at any time without prior notice. Institutional clients may elect to terminate their relationships with us or reduce the aggregate amount of AUM. Any termination of or failure to renew a significant number of these agreements, or any other loss of a significant number of our clients or AUM, would adversely affect our revenues and profitability.

***Our revenues and profitability from money market and other fixed income assets may be harmed by interest rate, liquidity and credit volatility.***

Certain institutional investors using money market products and other short-term duration fixed income products for cash management purposes may shift these investments to direct investments in comparable instruments in order to realize higher yields than those available in money market and other fund products holding lower yielding instruments. These redemptions would reduce managed assets, thereby reducing our revenues. In addition, rising interest rates will tend to reduce the market value of fixed income investments and fixed income derivatives held in various investment portfolios and other products. Thus, increases in interest rates could have an adverse effect on our revenues from money market portfolios and from other fixed income products. If securities within a money market portfolio default or investor redemptions force the portfolio to realize losses, there could be negative pressure on its NAV. Although money market investments are not guaranteed instruments, the company might decide, under such a scenario, that it is in its best interest to provide support in the form of a support agreement, capital infusion, or other methods to help stabilize a declining NAV. Some of these methods could have an adverse impact on our profitability. Additionally, at December 31, 2013, we have \$28.2 million invested in Invesco Mortgage Capital Inc., \$38.4 million of equity at risk invested in our collateralized loan obligation products, and \$100.3 million seed money in fixed income funds, the valuation of which could change with changes in interest and default rates.

***Performance fees may increase revenue and earnings volatility.***

A portion of the company's revenues is derived from performance fees on investment advisory assignments. Performance fees represented \$55.9 million, or 1.2%, of total revenue for the year ended December 31, 2013. In most cases, performance fees are based on relative or absolute investment returns, although in some cases they are based on achieving specific service standards. Generally, the company is entitled to performance fees only if the returns on the related portfolios exceed agreed-upon periodic or cumulative return targets. If these targets are not exceeded, performance fees for that period will not be earned and, if targets are based on cumulative returns, the company may not earn performance fees in future periods. Performance fees will vary from period to period in relation to volatility in investment returns and the timing of revenue recognition, causing earnings to be more volatile.

***The soundness of other financial institutions could adversely affect us.***

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We, and the products and accounts that we manage, have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, clearing organizations, mutual and hedge funds, and other institutional clients. Many of these transactions expose us or the funds and accounts that we manage to credit risk in the event of default of its counterparty. While we regularly conduct assessments of such risk posed by our counterparties, the risk of non-performance by such parties is subject to sudden swings in the financial and credit markets.

***Our financial condition and liquidity would be adversely affected by losses on our seed capital and partnership investments .***

The company has investments in sponsored investment products that invest in a variety of asset classes, including, but not limited to equities, fixed income products, commoditized, derivatives, and similar financial instruments, private equity, and real estate. Investments in these products are generally made to establish a track record, meet purchase size requirements for trading blocks, or demonstrate economic alignment with other investors in our funds. Adverse market conditions may result in the need to write down the value of these seed capital and partnership investments. A reduction in the value of these investments may adversely affect our liquidity. As of December 31, 2013, the company had \$528.7 million in seed capital and co-investments, including direct investments in consolidated investment products (CIP) and consolidated sponsored investment products (CSIP).

***We operate in an industry that is highly regulated in many countries, and any enforcement action or adverse changes in the laws or regulations governing our business could decrease our revenues and profitability.***

As with all investment management companies, our activities are highly regulated in almost all countries in which we conduct business. Laws and regulations applied at the national, state or provincial and local level generally grant governmental agencies and industry self-regulatory authorities broad administrative discretion over our activities, including the power to limit or restrict our business activities, conduct examinations, risk assessments, investigations and capital adequacy reviews, and impose remedial programs to address perceived deficiencies. Subsidiaries operating in the European Union (“EU”) also are subject to various EU Directives, which are implemented by member state national legislation. As a result of regulatory oversight, we could face requirements which negatively impact the way in which we conduct business, impose additional capital requirements and/or involve enforcement actions which could lead to sanctions up to and including the revocation of licenses to operate certain businesses, the suspension or expulsion from a particular jurisdiction or market of any of our business organizations or their key personnel, or the imposition of fines and censures on us or our employees. Judgments or findings of wrongdoing by regulatory or governmental authorities, or in private litigation against us, could affect our reputation, increase our costs of doing business and/or negatively impact our revenues, any of which could have a material negative impact on our results of operations, financial condition or liquidity.

A substantial portion of the products and services we offer are regulated by the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), the Commodities Future Trading Commission (CFTC), the National Futures Association (NFA) and the Office of the Comptroller of the Currency (OCC) in the United States and by the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) in the United Kingdom. Our operations elsewhere in the world are regulated by similar regulatory organizations.

The regulatory environment in which we operate frequently changes and has seen a significant increase in regulation in recent years. Various changes in laws and regulations have been enacted or otherwise developed in multiple jurisdictions globally in response to the crisis in the financial markets that began in 2007. Various other proposals remain under consideration by legislators, regulators, and other government officials and other public policy commentators. Certain enacted provisions and certain other proposals are potentially far reaching and, depending upon their implementation, could have a material impact on Invesco's business. While many of these provisions appear to address perceived problems in the banking sector, certain of the provisions will or may be applied more broadly and affect other financial services companies, including investment managers. We may be adversely affected as a result of the new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations. To the extent that existing regulations are amended or future regulations are adopted that reduce the sale, or increase the redemptions, of our products and services, or that negatively affect the investment performance of our products, our aggregate AUM and our revenues could be adversely affected. In addition, regulatory changes have imposed and may continue to impose additional costs, which could negatively impact our profitability.

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was signed into law on July 21, 2010. While Invesco does not believe that the Dodd-Frank Act will fundamentally change the investment management industry or cause Invesco to reconsider its basic strategy, certain provisions have required, and other provisions will or may require, us to change or impose new limitations on the manner in which we conduct business; they also have increased regulatory burdens and related compliance costs, and will or may continue to do so. Furthermore, certain provisions, including the so-called “Volker Rule,” may have unintended adverse consequences on the liquidity or structure of the financial markets. In addition, the scope and impact of many provisions of the Dodd-Frank Act will be determined by implementing regulations, some of which require lengthy proposal and promulgation periods. Moreover, the Dodd-Frank Act mandated many regulatory studies, some of which pertain directly to the investment management industry, which could lead to additional legislation or regulation. As a result of these uncertainties regarding implementation of the Dodd-Frank Act and such other future potential legislative or regulatory changes, the full impact of the Dodd-Frank Act on the investment management industry and Invesco cannot be fully understood at this time.

The European Union has promulgated or is considering various new or revised directives pertaining to financial services, including investment managers. Such directives are progressing at various stages, and have been, are being, or will or would be implemented by national legislation in member states. As with the Dodd-Frank Act, Invesco does not believe implementation of these directives will fundamentally change our industry or cause us to reconsider our fundamental strategy, but certain provisions have required, and other provisions will or may require, us to change or impose new limitations on the manner in which we conduct business; they also have increased regulatory burdens and compliance costs, and will or may continue to do so. Certain provisions may have unintended adverse consequences on the liquidity or structure of the financial markets. Similar developments are being implemented or considered in other jurisdictions where we do business; such developments could have similar effects.

Developments under regulatory changes may include, without limitation:

- Expanded regulation over investment management firms.
- New or increased capital requirements and related regulation.
- Additional change to the regulation of money market funds in the U.S. and the EU, including in the U.S. mandating a floating net asset value (NAV) or the imposition of redemption limits or “gates” for certain types of money market funds, and in the EU, requiring capital buffers.
- Limitations on holdings of certain commodities under proposed regulations of the CFTC which could result in capacity constraints for our balanced risk products and other products that employ commodities as part of their investment strategy.
- Changes to the distribution of investment funds and other investment products. In the U.S., the SEC previously has proposed and may repropose significant changes to Rule 12b-1. Invesco believes these proposals could increase operational and compliance costs. The U.K. Financial Conduct Authority has implemented its Retail Distribution Review (“RDR”), which reshaped the manner in which retail investment funds are sold in the U.K. RDR changed how retail clients pay for investment advice given in respect of all retail investment products, including mutual funds. RDR restructured the manner in which fund distributors are compensated for the services they provide. The EU has implemented the Alternative Investment Fund Manager Directive (“AIFMD”); implementing legislation in member states has, among other elements, imposed restrictions on the marketing and sale within the EU of private equity and other alternative investment funds sponsored by non-EU managers. Various regulators promulgated or are considering other new disclosure and suitability requirements pertaining to the distribution of investment funds and other investment products, including enhanced standards and requirements pertaining to disclosures made to retail investors at the point of sale.
- The AIFMD also regulates managers of alternative investment funds not authorized as retail funds under the EU’s Undertakings for Collective Investment in Transferable Securities Directive (UCITS). The AIFMD includes, among other matters, capital requirements, leverage, valuation and stakes in EU companies.
- Guidelines regarding the structure and components of compensation, including under the Dodd-Frank Act, AIFMD and various other EU Directives.
- New requirements pertaining to the trading of securities and other financial instruments, such as swaps and other derivatives, including certain provisions of the Dodd-Frank Act and European Market Infrastructure Regulation; these include a significant amount of new reporting requirements, designated trading venues, mandated central clearing arrangements, restrictions on proprietary trading by certain financial institutions, other conduct requirements and potentially new taxes or similar fees.
- New and potentially complex and burdensome tax reporting and tax withholding obligations and related compliance activities pertaining to managed investment products, including obligations under the Foreign Account Tax Compliance Act (“FATCA”) and similar requirements which have been or may be imposed by other countries. FATCA is intended to address tax compliance issues related to U.S. tax payers holding accounts outside of the U.S. FATCA requires non-U.S. financial institutions to report information about financial accounts held by U.S. persons and impose withholding, documentation and reporting requirements.
- Broadening of the reach of regulatory bodies into areas where they have not been previously (e.g. the required registration of hedge funds and other private funds with the SEC).
- Heightened regulatory examinations and inspections, including enforcement reviews, and a more aggressive posture regarding commencing enforcement proceedings resulting in fines, penalties and additional remedial activities to firms and to individuals. Without limiting the generality of the foregoing, regulators in the United States and the United Kingdom have taken and can be expected to continue to take a more aggressive posture on bringing enforcement proceedings.
- Enhanced licensing and qualification requirements for key personnel.
- Other additional rules and regulations and disclosure requirements. Certain provisions impose additional disclosure burdens on public companies. Certain proposals could impose requirements for more widespread disclosures of compensation to highly-paid individuals. Depending upon the scope of any such requirements, Invesco could be disadvantaged in retaining key employees vis-à-vis private companies, including hedge fund sponsors.

- Strengthening standards regarding various ethical matters, including enhanced focus of U.S. regulators and law enforcement agencies on compliance with the Foreign Corrupt Practices Act and the enactment of the U.K. Bribery Act.
- Other changes impacting the identity or the organizational structure of regulators with supervisory authority over Invesco.

The Enforcement Division of the FCA is conducting an ongoing review of certain matters pertaining to the company's compliance with FCA rules and regulations for the period May 2008 to November 2012. The company is cooperating fully with the FCA review and is seeking to resolve this investigation on a consensual basis, although there can be no assurance that the company's efforts to do so will succeed. The company believes that its current systems and controls now are adequate and in compliance with applicable regulations. The company is not able at this time to estimate the amount of any potential fine arising from the resolution of this matter; however, the company believes that any fine would not have a material adverse effect on its financial position or liquidity.

Invesco cannot at this time predict the full impact of potential legal and regulatory changes or possible other enforcement proceedings on its business. It is possible such changes could impose new compliance costs or capital requirements or impact Invesco in other ways that could have a material adverse impact on Invesco's results of operations, financial condition or liquidity. Similarly, regulatory enforcement actions which impose significant penalties or compliance obligations or which result in significant reputational harm could have similar material adverse effects on Invesco. Moreover, certain legal or regulatory changes could require us to modify our strategies, businesses or operations, and we may incur other new constraints or costs, including the investment of significant management time and resources in order to satisfy new regulatory requirements or to compete in a changed business environment.

To the extent that existing or future regulations affecting the sale of our products and services or our investment strategies cause or contribute to reduced sales or increased redemptions of our products or impair the investment performance of our products, our aggregate AUM and results of operations might be adversely affected.

***Net capital requirements may impede the business operations of our subsidiaries.***

Certain of our subsidiaries are required to maintain minimum levels of capital and such capital requirements may be increased from time-to-time. 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. At December 31, 2013, our minimum net capital requirements aggregated to approximately \$282 million. A sub-group of Invesco subsidiaries, including all of our regulated EU subsidiaries, is subject to consolidated capital requirements under EU Directives, and capital is maintained within this sub-group to satisfy these regulations. At December 31, 2013, the European sub-group had cash and cash equivalent balances of \$632.3 million (December 31, 2012: \$528.3 million). Complying with our regulatory commitments may result in an increase in the capital requirements applicable to the European sub-group. As a result of corporate restructuring and regulatory requirements, certain of these EU subsidiaries may be required to limit their dividends to the parent company, Invesco Ltd.

***Civil litigation and governmental investigations and enforcement actions could adversely affect our AUM and future financial results, and increase our costs of doing business.***

Invesco and certain related entities have in recent years been subject to various legal proceedings, including civil litigation and governmental investigations and enforcement actions. These actions can arise from normal business operations and/or matters that have been the subject of previous regulatory actions. See Item 8, Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies," for additional information. Judgments in civil litigation or findings of wrongdoing by regulatory or governmental authorities against us could affect our reputation, increase our costs of doing business and/or negatively impact our revenues, any of which could have a material negative impact on our results of operations, financial condition or liquidity.

The Enforcement Division of the FCA is conducting an ongoing review of certain matters pertaining to the company's compliance with FCA rules and regulations for the period May 2008 to November 2012. The company is cooperating fully with the FCA review and is seeking to resolve this investigation on a consensual basis, although there can be no assurance that the company's efforts to do so will succeed. The company believes that its current systems and controls now are adequate and in compliance with applicable regulations. The company is not able at this time to estimate the amount of any potential fine arising from the resolution of this matter; however, the company believes that any fine would not have a material adverse effect on its financial position or liquidity.



***We are exposed to a number of risks arising from our international operations.***

We operate in a number of jurisdictions outside of the United States. We have offices in numerous countries and many cross border and local proprietary funds that are domiciled outside the United States and may face difficulties in managing, operating and marketing our international operations. Our international operations expose us to the political and economic consequences of operating in foreign jurisdictions and subject us to expropriation risks, expatriation controls and potential adverse tax consequences.

***Our investment management professionals and other key employees are a vital part of our ability to attract and retain clients, and the loss of key individuals or a significant portion of those professionals could result in a reduction of our revenues and profitability.***

Retaining highly skilled technical and management personnel is important to our ability to attract and retain clients and retail shareholder accounts. The market for investment management professionals is competitive and has grown more so in recent periods as the investment management industry has experienced growth. The market for investment managers is also increasingly characterized by the movement of investment managers among different firms. Our policy has been to provide our investment management professionals with a supportive professional working environment and compensation and benefits that we believe are competitive with other leading investment management firms. However, we may not be successful in retaining our key personnel, and the loss of key individuals or significant investment management personnel could reduce the attractiveness of our products to potential and current clients and could, therefore, adversely affect our revenues and profitability.

On October 15, 2013, the company announced that the Head of U.K. Equities, Neil Woodford, will be leaving on April 29, 2014. Mark Barnett will succeed Mr. Woodford as Head of U.K. Equities. As of December 31, 2013, Mr. Woodford was the named lead manager for U.K. Equity AUM totaling \$46.6 billion. Between October 15, 2013 and December 31, 2013, U.K. equity income AUM experienced net outflows of \$4.8 billion.

***If our reputation is harmed, we could suffer losses in our business, revenues and net income.***

Our business depends on earning and maintaining the trust and confidence of clients, regulators and other market participants, and our good reputation is critical to our business. Our reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries, investigations or findings of wrongdoing, material errors in public reports, employee dishonesty or other misconduct and rumors, among other things, can substantially damage our reputation, even if they are baseless or eventually satisfactorily addressed.

Our business also requires us to continuously manage actual and potential conflicts of interest, including situations where our services to a particular client conflict, or are perceived to conflict, with the interests of another client or those of Invesco. The willingness of clients to enter into transactions in which such a conflict might arise may be affected, if we fail - or appear to fail - to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

We have procedures and controls that are designed to address and manage these risks, but this task can be complex and difficult, and if our procedures and controls fail, our reputation could be damaged. Any damage to our reputation could impede our ability to attract and retain clients and key personnel, and lead to a reduction in the amount of our AUM, any of which could have a material adverse effect on our results of operations, financial condition or liquidity.

***Failure to comply with client contractual requirements and/or investment guidelines could result in damage awards against us and loss of revenues due to client terminations.***

Many of the investment management agreements under which we manage assets or provide products or services specify investment guidelines or contractual requirements that Invesco is required to observe in the provision of its services. A failure to comply with these guidelines or contractual requirements could result in damage to our reputation or in our clients seeking to recover losses, withdrawing their assets or terminating their contracts, any of which could cause our revenues and profitability to decline. We maintain various compliance procedures and other controls to prevent, detect and correct such errors. When an error is detected, we typically will make a payment into the applicable client account to correct it. Significant errors could impact our results of operations, financial condition or liquidity.

***Competitive pressures may force us to reduce the fees we charge to clients, increase commissions paid to our financial intermediaries or provide more support to those intermediaries, all of which could reduce our profitability.***

The investment management business is highly competitive, and we compete based on a variety of factors, including investment performance, the range of products offered, brand recognition, business reputation, financial strength, stability and continuity of client and intermediary relationships, quality of service, level of fees charged for services and the level of compensation paid and distribution support offered to financial intermediaries. We continue to face market pressures regarding fee levels in certain products.

We face strong competition in every market in which we operate. Our competitors include a large number of investment management firms, commercial banks, investment banks, broker-dealers, hedge funds, insurance companies and other financial institutions. Some of these institutions have greater capital and other resources, and offer more comprehensive lines of products and services, than we do. Our competitors seek to expand their market share in many of the products and services we offer. If these competitors are successful, our revenues and profitability could be adversely affected. In addition, there are relatively few barriers to entry by new investment management firms, and the successful efforts of new entrants into our various distribution channels around the world have also resulted in increased competition.

In recent years there have been several instances of industry consolidation, both in the area of distributors and manufacturers of investment products. Further consolidation may occur in these areas in the future. The increasing size and market influence of certain distributors of our products and of certain direct competitors may have a negative impact on our ability to compete at the same levels of profitability in the future, should we find ourselves unable to maintain relevance in the markets in which we compete.

***We may engage in strategic transactions that could create risks.***

We regularly review, and from time to time have discussions with and engage in, potential strategic transactions, including potential acquisitions, dispositions, consolidations, joint ventures or similar transactions, some of which may be material. There can be no assurance that we will find suitable candidates for strategic transactions at acceptable prices, have sufficient capital resources to pursue such transactions, be successful in negotiating the required agreements, or successfully close transactions after signing such agreements.

Acquisitions also pose the risk that any business we acquire may lose customers or employees or could underperform relative to expectations. We could also experience financial or other setbacks if pending transactions encounter unanticipated problems, including problems related to closing or integration. Following the completion of an acquisition, we may have to rely on the seller to provide administrative and other support, including financial reporting and internal controls, to the acquired business for a period of time. There can be no assurance that such sellers will do so in a manner that is acceptable to us.

***Our ability to access the capital markets in a timely manner should we seek to do so depends on a number of factors.***

Our access to the capital markets depends significantly on our credit ratings. We have received credit ratings of A3/Stable and A-/Positive from Moody's and Standard & Poor's Ratings Services, respectively, as of the date hereof. We believe that rating agency concerns include but are not limited to the fact that our revenues are exposed to equity market volatility and the potential impact from regulatory changes to the industry. Additionally, the rating agencies could decide to downgrade the entire investment management industry, based on their perspective of future growth and solvency. Material deterioration of these factors, and others defined by each rating agency, could result in downgrades to our credit ratings, thereby limiting our ability to generate additional financing. Our credit facility borrowing rates are tied to our credit ratings. Management believes that solid investment grade ratings are an important factor in winning and maintaining institutional business and strives to manage the company to maintain such ratings.

A reduction in our long-term credit ratings could increase our borrowing costs, could limit our access to the capital markets, and may result in outflows thereby reducing AUM and revenues. Volatility in global finance markets may also affect our ability to access the capital markets should we seek to do so. If we are unable to access capital markets in a timely manner, our business could be adversely affected.

***Our indebtedness could adversely affect our financial position or results of operations.***

As of December 31, 2013, we had outstanding total debt of \$1,588.6 million, excluding debt of CIP, and total equity attributable to common shareholders of \$8,392.6 million, excluding retained earnings appropriated for investors in CIP. The amount of indebtedness we carry could limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, increase our vulnerability to adverse economic and industry conditions, limit our flexibility in planning for, or reacting to, changes in our business or industry, and place us at a disadvantage in relation to our competitors. Any or all of the above factors could materially adversely affect our financial position or results of operations.

***Our credit facility imposes restrictions on our ability to conduct business and, if amounts borrowed under it were subject to accelerated repayment, we might not have sufficient assets or liquidity to repay such amounts in full.***

Our credit facility requires us to maintain specified financial ratios, including maximum debt-to-earnings and minimum interest coverage ratios. This credit facility also contains customary affirmative operating covenants and negative covenants that, among other things, restrict certain of our subsidiaries' ability to incur debt and restrict our ability to transfer assets, merge, make loans and other investments and create liens. The breach of any covenant (either due to our actions or due to a significant and prolonged market-driven decline in our operating results) would result in a default under the credit facility. In the event of any such default, lenders that are party to the credit facility could refuse to make further extensions of credit to us and require all amounts borrowed under the credit facility, together with accrued interest and other fees, to be immediately due and payable. If any indebtedness under the credit facility were subject to accelerated repayment, we might not have sufficient liquid assets to repay such indebtedness in full.

***Changes in the distribution channels on which we depend could reduce our net revenues and hinder our growth.***

We sell substantially all of our retail investment products through a variety of third party financial intermediaries, including major wire houses, regional broker-dealers, banks and financial planners in North America, and independent brokers and financial advisors, banks and supermarket platforms in Europe and Asia. No single one of these intermediaries is material to our business. Increasing competition for these distribution channels could nevertheless cause our distribution costs to rise, which would lower our net revenues. Following the financial crisis, there has been consolidation of banks and broker-dealers, particularly in the U.S., and a limited amount of migration of brokers and financial advisors away from major banks to independent firms focused largely on providing advice. If these trends continue, our distribution costs could increase as a percentage of our revenues generated. Additionally, particularly outside of the U.S., certain of the third party intermediaries upon whom we rely to distribute our investment products also sell their own competing proprietary funds and investment products, which could limit the distribution of our products. Increasingly, investors, particularly in the institutional market, rely on external consultants and other unconflicted third parties for advice on the choice of investment manager. These consultants and third parties tend to exert a significant degree of influence over their clients' choices, and they may favor a competitor of Invesco as better meeting their particular clients' needs. There is no assurance that our investment products will be among their recommended choices in the future. If a material portion of our distributors were to cease operations, it could have a significant adverse effect on our revenues and profitability. Any failure to maintain strong business relationships with these distribution sources and the consultant community would impair our ability to sell our products, which in turn could have a negative effect on our revenues and profitability.

***We could be subject to losses if we fail to properly safeguard confidential and sensitive information.***

We maintain and transmit confidential information about our clients as well as proprietary information relating to our business operations as part of our regular operations. Our systems could be attacked by unauthorized users or corrupted by computer viruses or other malicious software code, or authorized persons could inadvertently or intentionally release confidential or proprietary information.

Such disclosure could, among other things, damage our reputation, allow competitors to access our proprietary business information, result in liability for failure to safeguard our clients' data, result in the termination of contracts by our existing customers, subject us to regulatory action, or require material capital and operating expenditures to investigate and remediate the breach.

***Our business is vulnerable to deficiencies and failures in support systems and customer service functions that could lead to breaches and errors, resulting in loss of customers or claims against us or our subsidiaries.***

The ability to consistently and reliably obtain accurate securities pricing information, process client portfolio and fund shareholder transactions and provide reports and other customer service to fund shareholders and clients in other accounts managed by us is essential to our continuing success. Certain types of securities may experience liquidity constraints that would require increased use of fair value pricing, which is dependent on certain subjective judgments that have the potential to be challenged. Any delays or inaccuracies in obtaining pricing information, processing such transactions or such reports, other breaches and errors, and any inadequacies in other customer service, could result in reimbursement obligations or other liabilities, or alienate customers and potentially give rise to claims against us. Our customer service capability, as well as our ability to obtain prompt and accurate securities pricing information and to process transactions and reports, is highly dependent on communications and information systems and on third-party service providers. These systems or service providers could suffer deficiencies, failures or interruptions due to various natural or man-made causes, and our back-up procedures and capabilities may not be adequate to avoid extended interruptions in operations. Certain of these processes involve a degree of manual input, and thus similar problems could occur from time to time due to human error.

***If we are unable to successfully recover from a disaster or other business continuity problem, we could suffer material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.***

If we were to experience a local or regional disaster or other business continuity problem, such as a pandemic or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we believe our operational size, the multiple locations from which we operate, and our existing back-up systems should mitigate adverse impacts. Nevertheless, we could still experience near-term operational challenges with regard to particular areas of our operations, such as key executive officers or technology personnel. Further, as we strive to achieve cost savings by shifting certain business processes to lower-cost geographic locations such as India, the potential for particular types of natural or man-made disasters, political, economic or infrastructure instabilities, or other country- or region-specific business continuity risks increases. Although we seek to assess regularly and improve our existing business continuity plans, a major disaster, or one that affected certain important operating areas, or our inability to recover successfully should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

***Since many of our subsidiary operations are located outside of the United States and have functional currencies other than the U.S. dollar, changes in the exchange rates to the U.S. dollar affect our reported financial results from one period to the next.***

The largest component of our net assets, revenues and expenses, as well as our AUM, is presently denominated in U.S. dollars. However, we have a large number of subsidiaries outside of the United States whose functional currencies are not the U.S. dollar. As a result, fluctuations in the exchange rates to the U.S. dollar affect our reported financial results from one period to the next. We generally do not actively manage our exposure to such effects. Consequently, significant strengthening of the U.S. dollar relative to the U.K. Pound Sterling, Euro, or Canadian dollar, among other currencies, could have a material negative impact on our reported financial results.

***The carrying value of goodwill and other intangible assets on our balance sheet could become impaired, which would adversely affect our results of operations.***

We have goodwill and indefinite-lived intangible assets on our balance sheet that are subject to annual impairment reviews. We also have definite-lived intangible assets on our balance sheet that are subject to impairment testing if indicators of impairment are identified. Goodwill and intangible assets totaled \$6,867.3 million and \$1,263.7 million, respectively, at December 31, 2013 (December 31, 2012: \$7,048.2 million and \$1,287.7 million, respectively). We may not realize the value of such assets. We perform impairment reviews of the book values of these assets on an annual basis or more frequently if impairment indicators are present. A variety of factors could cause such book values to become impaired. Should valuations be deemed to be impaired, a write-down of the related assets would occur, adversely affecting our results of operations for the period. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies - Goodwill" and "- Intangibles," for additional details of our goodwill impairment analysis process.

***Bermuda law differs from the laws in effect in the United States and may afford less protection to shareholders.***

Our shareholders may have more difficulty protecting their interests than shareholders of a company incorporated in a jurisdiction of the United States. As a Bermuda company, we are governed by the Companies Act 1981 of Bermuda (Companies Act). The Companies Act differs in some material respects from laws generally applicable to United States corporations and shareholders, including provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, shareholder lawsuits and indemnification of directors.

Under Bermuda law, the duties of directors and officers of a company are generally owed to the company only. Shareholders of Bermuda companies do not generally have rights to take action against directors or officers of the company, and may only do so in limited circumstances described in the following paragraph. Directors and officers may owe duties to a company's creditors in cases of impending insolvency. Directors and officers of a Bermuda company must, in exercising their powers and performing their duties, act honestly and in good faith with a view to the best interests of the company and must exercise the care and skill that a reasonably prudent person would exercise in comparable circumstances. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any personal interest in any material contract or proposed material contract with the company or any of its subsidiaries. If a director or officer of a Bermuda company is found to have breached his duties to that company, he may be held personally liable to the company in respect of that breach of duty.

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. However, the Bermuda courts ordinarily would be expected to follow English case law precedent, which would permit a shareholder to commence an action in a company's name to remedy a wrong done to the company where the act complained of is alleged to be beyond the company's corporate power or is illegal or would result in the violation of the memorandum of association or Bye-Laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or where an act requires the approval of a greater percentage of shareholders than actually approved it. Under our Bye-Laws, each of our shareholders agrees to waive any claim or right of action, both individually and on our behalf, other than those involving fraud or dishonesty, against us or any of our officers, directors or employees. The waiver applies to any action taken by a director, officer or employee, or the failure of such person to take any action, in the performance of his duties, except with respect to any matter involving any fraud or dishonesty on the part of the director, officer or employee. This waiver limits the right of shareholders to assert claims against our directors, officers and employees unless the act or failure to act involves fraud or dishonesty.

Our Bye-Laws also provide for indemnification of our directors and officers in respect of any loss arising or liability attaching to them in respect of any negligence, default, breach of duty or breach of trust of which a director or officer may be guilty in relation to us other than in respect of his own fraud or dishonesty, which is the maximum extent of indemnification permitted under the Companies Act.

***Because we are incorporated in Bermuda, it may be difficult for shareholders to serve process or enforce judgments against us or our directors and officers.***

We are organized under the laws of Bermuda. In addition, certain of our officers and directors reside in countries outside the United States. A substantial portion of our assets and the assets of these officers and directors are or may be located outside the United States. Investors may have difficulty effecting service of process within the United States on our directors and officers who reside outside the United States or recovering against us or these directors and officers on judgments of U.S. courts based on civil liabilities provisions of the U.S. federal securities laws, even though we have appointed an agent in the United States to receive service of process.

Further, it may not be possible, in Bermuda or in countries other than the United States where we have assets, to enforce court judgments obtained in the United States against us based on the civil liability provisions of U.S. federal or state securities laws. In addition, there is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liability provisions of the U.S. federal or state securities laws or would hear actions against us or those persons based on those laws. We have been advised by our legal advisors in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Some remedies available under the laws of the United States or the states therein, including some remedies available under the U.S. federal securities laws, may not be allowed in Bermuda courts because they may be found to be contrary to Bermuda public policy. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in other countries other than the United States.

***We have anti-takeover provisions in our Bye-Laws that may discourage a change of control.***

Our Bye-Laws contain provisions that could make it more difficult for a third-party to acquire us or to obtain majority representation on our board of directors without the consent of our board. As a result, shareholders may be limited in their ability to obtain a premium for their shares under such circumstances.

Specifically, our Bye-Laws contain the following provisions that may impede or delay an unsolicited takeover of the company:

- we are prohibited from engaging, under certain circumstances, in a business combination (as defined in our Bye-Laws) with any interested shareholder (as defined in our Bye-Laws) for three years following the date that the shareholder became an interested shareholder;
- our board of directors, without further shareholder action, is permitted by our Bye-Laws to issue preference shares, in one or more series, and determine by resolution any designations, preferences, qualifications, privileges, limitations, restrictions, or special or relative rights of an additional series. The rights of preferred shareholders may supersede the rights of common shareholders;
- our board of directors is classified into three classes with the election years of the members of each class staggered such that the members of only one of the three classes are elected each year;
- shareholders may only remove directors for “cause” (defined in our Bye-laws to mean willful misconduct or gross negligence which is materially injurious to the company), fraud or embezzlement, or a conviction of, or a plea of “guilty” or “no contest” to, a felony;
- our board of directors is authorized to expand its size and fill vacancies; and
- shareholders cannot act by written consent unless the consent is unanimous.

***Legislative and other measures that may be taken by U.S. and/or other governmental authorities could materially increase our tax burden or otherwise adversely affect our financial conditions, results of operations or cash flows.***

Under current laws, as the company is domiciled and tax resident in Bermuda, taxation in other jurisdictions is dependent upon the types and the extent of the activities of the company undertaken in those jurisdictions. There is a risk that changes in either the types of activities undertaken by the company or changes in tax rules relating to tax residency could subject the company and its shareholders to additional taxation.

We continue to assess the impact of various U.S. federal and state legislative proposals, and modifications to existing tax treaties between the United States and foreign countries, that could result in a material increase in our U.S. federal and state taxes. Proposals have been introduced in the U.S. Congress that, if ultimately enacted, could either limit treaty benefits on certain payments made by our U.S. subsidiaries to non-U.S. affiliates, treat the company as a U.S. corporation and thereby subject the earnings from non-U.S. subsidiaries of the company to U.S. taxation, or both. We cannot predict the outcome of any specific legislative proposals. However, if such proposals were to be enacted, or if modifications were to be made to certain existing tax treaties, the consequences could have a materially adverse impact on the company, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations or cash flows.

***Examinations and audits by tax authorities could result in additional tax payments for prior periods.***

The company and its subsidiaries are subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions and are subject to ongoing tax audits in various jurisdictions. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional income taxes will be due. We adjust these liabilities in light of changing facts and circumstances. Due to the complexity of some of these uncertainties, however, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities.

**Item 1B. *Unresolved Staff Comments***

None

**Item 2. Properties**

Our registered office is located in Hamilton, Bermuda, and our corporate headquarters are in leased office space at 1555 Peachtree Street N.E., Suite 1800, Atlanta, Georgia, 30309, U.S.A. Our principal regional centers are maintained in leased facilities, except as noted below, in the following locations:

- North America: 11 Greenway Plaza, Houston, Texas 77046
- EMEA: Perpetual Park, Henley-on-Thames, Oxfordshire, RG9 1HH, United Kingdom (owned facilities)
- Asia: Citibank Plaza, No. 3 Garden Road, Hong Kong

We maintain a global enterprise center in Hyderabad, India, in leased facilities at DivyaSree Orion in the Ranga Reddy District of Hyderabad, India, and lease additional office space in 19 other countries.

**Item 3. Legal Proceedings**

See Item 8, Financial Statements and Supplementary Data, - Note 18 , "Commitments and Contingencies - Legal Proceedings," for information regarding legal proceedings.

**Item 4. Mine Safety Disclosures**

Not applicable

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Invesco Ltd. is organized under the laws of Bermuda, and our common shares are listed and traded on the New York Stock Exchange under the symbol "IVZ." At January 31, 2014 , there were approximately 6,000 holders of record of our common shares.

The following table sets forth, for the periods indicated, the high and low reported share prices on the New York Stock Exchange, based on data reported by Bloomberg.

|                | Invesco Ltd.<br>Common Shares |         | Dividends<br>Declared* |
|----------------|-------------------------------|---------|------------------------|
|                | High                          | Low     |                        |
| <b>2013</b>    |                               |         |                        |
| Fourth Quarter | \$36.55                       | \$31.50 | \$0.2250               |
| Third Quarter  | \$33.12                       | \$30.32 | \$0.2250               |
| Second Quarter | \$34.64                       | \$28.14 | \$0.2250               |
| First Quarter  | \$29.13                       | \$25.64 | \$0.1725               |
| <b>2012</b>    |                               |         |                        |
| Fourth Quarter | \$26.34                       | \$23.21 | \$0.1725               |
| Third Quarter  | \$25.85                       | \$20.49 | \$0.1725               |
| Second Quarter | \$26.77                       | \$20.79 | \$0.1725               |
| First Quarter  | \$26.84                       | \$20.90 | \$0.1225               |

\* Dividends declared represent dividends declared and paid during the quarter, but attributable to the prior quarter.

The following graph illustrates the cumulative total shareholder return of our common shares over the five-year period ending December 31, 2013, and compares it to the cumulative total return of the Standard and Poor's (S&P) 500 Index and to a group of peer investment management companies. A representative peer group of the company consists of companies in the S&P 500 and the S&P 400 that are also in the Asset Management and Custody Bank sub-index, plus Alliance Bernstein, a competitor not in this sub-index but which is another global asset manager followed by industry analysts. This table is not intended to forecast future performance of our common shares.

Shareholder Returns



Note: The above chart is the average annual total return for the period from December 31, 2008 through December 31, 2013. Peer Index includes Affiliated Managers Group, Alliance Bernstein, Ameriprise Financial, Bank of New York Mellon, BlackRock, Eaton Vance, Federated Investors, Franklin Resources, Invesco Ltd., Janus, Legg Mason, Northern Trust, SEI Investments, State Street, T. Rowe Price, and Waddell & Reed.



## Important Information Regarding Dividend Payments

Invesco declares and pays dividends on a quarterly basis in arrears. On January 30, 2014, the company declared a fourth quarter 2013 cash dividend of \$0.225 per share, which will be paid on March 7, 2014, to shareholders of record as of February 20, 2014 with an ex-dividend date of February 18, 2014.

The total dividend attributable to the 2013 fiscal year of \$0.90 per share represented a 30.4% increase over the total dividend attributable to the 2012 fiscal year of \$0.69 per share. The declaration, payment and amount of any future dividends will be determined by our board of directors and will depend upon, among other factors, our earnings, financial condition and capital requirements at the time such declaration and payment are considered. The board has a policy of managing dividends in a prudent fashion, with due consideration given to profit levels, overall debt levels and historical dividend payouts. See also Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Dividends," for additional details regarding dividends.

## Securities Authorized for Issuance under Equity Compensation Plans

The equity compensation plan information required in Item 201(d) of Regulation S-K is set forth in the definitive Proxy Statement for the company's annual meeting of shareholders, which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2013, and is incorporated by reference in this Report.

## Repurchases of Equity Securities

The following table shows share repurchase activity during the three months ended December 31, 2013:

| Month                 | Total Number of Shares Purchased <sup>(1)</sup> | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup> | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup> (millions) |
|-----------------------|---|------------------------------|---|--|
| October 1 - 31, 2013  | 5,664   | \$32.44                      | —   | \$1,846.5  |
| November 1 - 30, 2013 | 4,689,755                                       | \$33.92                      | 4,683,592   | \$1,687.6  |
| December 1 - 31, 2013 | 5,496,552                                       | \$35.26                      | 5,419,386   | \$1,496.5  |
|                       | <u>10,191,971</u>                               |                              | <u>10,102,978</u>   |  |

(1) An aggregate of 88,993 shares were surrendered to us by Invesco employees to satisfy tax withholding obligations or loan repayments in connection with the vesting of equity awards during the three months ended December 31, 2013.

(2) On October 11, 2013, our board of directors authorized an additional \$1.5 billion for the existing share repurchase program of our common shares with no stated expiration date.

**Item 6. Selected Financial Data**

The following tables present selected consolidated financial information for the company as of and for each of the five fiscal years in the period ended December 31, 2013. Except as otherwise noted below, the consolidated financial information has been prepared in accordance with U.S. generally accepted accounting principles.

| \$ in millions, except per share and other data  | As of and For The Years Ended December 31, |          |          |          |          |
|--|--|----------|----------|----------|----------|
|  | 2013                                       | 2012     | 2011     | 2010     | 2009     |
| <b>Operating Data <sup>(1)</sup>:</b>            |  |          |          |          |          |
| Operating revenues                               | 4,644.6                                    | 4,050.4  | 3,982.3  | 3,385.9  | 2,544.8  |
| Net revenues <sup>(2)</sup>                      | 3,252.0                                    | 2,836.0  | 2,791.6  | 2,422.1  | 1,860.7  |
| Operating income                                 | 1,120.2                                    | 842.6    | 882.1    | 579.4    | 485.6    |
| Adjusted operating income <sup>(3)</sup>         | 1,292.1                                    | 1,012.1  | 1,046.2  | 878.7    | 558.4    |
| Operating margin                                 | 24.1%                                      | 20.8%    | 22.2%    | 17.1%    | 19.1%    |
| Adjusted operating margin <sup>(3)</sup>         | 39.7%                                      | 35.7%    | 37.5%    | 36.3%    | 30.0%    |
| Net income attributable to common shareholders   | 940.3                                      | 677.1    | 729.7    | 465.7    | 322.5    |
| Adjusted net income <sup>(4)</sup>               | 953.3                                      | 748.6    | 759.1    | 618.7    | 364.3    |
| <b>Per Share Data:</b>                           |  |          |          |          |          |
| Earnings per share:                              |  |          |          |          |          |
| -basic   | 2.10                                       | 1.50     | 1.58     | 1.01     | 0.77     |
| -diluted   | 2.10                                       | 1.49     | 1.57     | 1.01     | 0.76     |
| Adjusted diluted EPS <sup>(1,4)</sup>            | 2.13                                       | 1.65     | 1.63     | 1.34     | 0.86     |
| Dividends declared per share                     | 0.8475                                     | 0.6400   | 0.4775   | 0.4325   | 0.4075   |
| <b>Balance Sheet Data:</b>                       |  |          |          |          |          |
| Total assets                                     | 19,270.5                                   | 17,492.4 | 19,347.0 | 20,444.1 | 10,909.6 |
| Long-term debt                                   | 1,588.6                                    | 1,186.0  | 1,284.7  | 1,315.7  | 745.7    |
| Debt of consolidated investment products (CIP)   | 4,181.7                                    | 3,899.4  | 5,512.9  | 5,865.4  | —        |
| Total equity attributable to common shareholders | 8,392.6                                    | 8,316.8  | 8,119.1  | 8,264.6  | 6,912.9  |
| Total equity                                     | 8,977.3                                    | 9,049.0  | 9,137.6  | 9,360.9  | 7,620.8  |
| <b>Other Data <sup>(1)</sup>:</b>                |  |          |          |          |          |
| Ending AUM (in billions)                         | 778.7                                      | 667.4    | 607.3    | 599.6    | 444.3    |
| Average AUM (in billions)                        | 725.6                                      | 645.3    | 617.8    | 516.9    | 401.6    |
| Headcount  | 5,932                                      | 5,889    | 5,917    | 4,658    | 4,650    |

- (1) The company has adopted a discontinued operations presentation for Atlantic Trust. Amounts presented represent continuing operations and exclude Atlantic Trust, with the exception of net income attributable to common shareholders, basic earnings per share, and diluted earnings per share. Prior period amounts have been reclassified to conform with this presentation.
- (2) Net revenues are operating revenues plus our proportional share of the net revenues of our joint venture investments, less third-party distribution, service and advisory expenses, plus management and performance fees earned from CIP, less other revenue recorded by CIP, plus other reconciling items. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Schedule of Non-GAAP Information," for the reconciliation of operating revenues to net revenues.
- (3) Adjusted operating margin is adjusted operating income divided by net revenues. Adjusted operating income includes operating income plus our proportional share of the operating income of our joint venture investments, the operating income impact of the consolidation of investment products, acquisition/disposition-related adjustments, compensation expense related to market valuation changes in deferred compensation plans, and other reconciling items. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Schedule of Non-GAAP Information," for the reconciliation of operating income to adjusted operating income.
- (4) Adjusted net income is net income attributable to common shareholders adjusted to exclude the net income of CIP, add back acquisition/disposition related adjustments, the net income impact of deferred compensation plans and other reconciling items. Adjustments made to net income attributable to common shareholders are tax-effected in arriving at adjusted net income. By calculation, adjusted diluted EPS is adjusted net income divided by the weighted average number of shares outstanding (for diluted EPS). See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Schedule of Non-GAAP Information," for the reconciliation of net income to adjusted net income.



**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations****Executive Overview**

The following executive overview summarizes the significant trends affecting our results of operations and financial condition for the periods presented. This overview and the remainder of this management's discussion and analysis supplements and should be read in conjunction with the Consolidated Financial Statements of Invesco Ltd. and its subsidiaries (collectively, the "company" or "Invesco") and the notes thereto contained elsewhere in this Annual Report on Form 10-K.

During 2013, economies in the developed world continued to show improvement, resulting in strong equity market gains. Equity markets such as the U.S., Japan and the U.K. produced positive returns, as evidenced by the S&P 500 index, which was up 29.6%, the Nikkei 225 index, which increased 56.7%, and the FTSE 100, which rose 14.4%. However, developing markets lagged in 2013, as questions about the impact of slowing monetary stimulus on emerging economies weighed on equity prices, resulting in the MSCI Emerging Market index declining 5.0%. Bond markets declined in 2013, as evidenced by the Barclays U.S. Aggregate Bond index, driven in part by a change in the U.S. Federal Reserve's monetary policy. The expectation of a tapering in the monthly bond purchases resulted in pressure on bond prices. This was confirmed in December 2013 when the Federal Reserve announced a reduction in the monthly purchases from \$85 billion to \$75 billion.

The table below summarizes the year ended December 31 returns based on price appreciation/(depreciation) of several major market indices for 2013, 2012, and 2011:

| Equity Index                 | Year ended December 31, |       |         |
|------------------------------|-------------------------|-------|---------|
|                              | 2013                    | 2012  | 2011    |
| S&P 500                      | 29.6%                   | 13.4% | 0.0%    |
| FTSE 100                     | 14.4%                   | 5.8%  | (5.6)%  |
| Nikkei 225                   | 56.7%                   | 22.9% | (17.3)% |
| MSCI Emerging Markets        | (5.0)%                  | 15.2% | (20.4)% |
| <b>Bond Index</b>            |                         |       |         |
| Barclays U.S. Aggregate Bond | (2.0)%                  | 4.2%  | 7.8%    |

Throughout 2013, we continued to execute our long-term strategy, which further improved our ability to serve clients, strengthened our investment reputation, and helped to deliver competitive levels of operating income and margins. We also took advantage of opportunities in the market and continued to invest in our products and capabilities, our brand, our global platform and our people in ways that strengthened our business and competitive position for long-term success. In late 2013, we launched the Global Targeted Return product line, with strong flows to the new fund in the U.K. market in the fourth quarter. In addition, late in 2013, we launched a number of new "liquid alternative" capabilities. These capabilities leverage the firm's 25 years of experience managing alternative assets to bring existing institutional-quality alternative investment capabilities to our retail clients. The company launched more funds in the fourth quarter of 2013 than in any year within the last five years.

As a global investment management firm dedicated to delivering investment excellence to our clients, Invesco is committed to further strengthening and enhancing our risk management approach. We believe a key factor in Invesco's ability to manage through the economic uncertainty of the past three years was our integrated approach to risk management. Invesco's enterprise risk management approach is embedded in its management processes across the organization. Broadly, our approach includes two governance structures - one for investments and another for business risk.

- Investment risk oversight is supported by the Global Performance Measurement and Risk group, which provides senior management and the Board with insight into core investment risks, and the investment teams.
- Business risk oversight is supported by the Corporate Risk Management Committee, which facilitates a focus on strategic, operational and other key business risks, and related committees.

Further, functional and geographic risk management committees maintain an ongoing risk assessment process that provides a bottom-up perspective on the specific risk areas existing in various domains of our business. As a result of our efforts in this area, Standard & Poor's Ratings Services has designated our enterprise risk management rating as "strong."

In addition, we benefited from our long-term efforts to ensure a diversified base of assets under management. One of Invesco's core strengths, and a key differentiator for the company within the industry, is our broad diversification across client domiciles, asset classes and distribution channels. Our geographical diversification recognizes growth opportunities in different parts of the

world. This broad diversification mitigates the impact on Invesco of different market cycles and enables the company to take advantage of growth opportunities in various markets and channels.

On October 15, 2013, the company announced that the Head of U.K. Equities, Neil Woodford, will be leaving on April 29, 2014. Mark Barnett will succeed Mr. Woodford as Head of U.K. Equities. As of December 31, 2013, Mr. Woodford was the named lead manager for U.K. Equity AUM totaling \$46.6 billion. Between October 15, 2013 and December 31, 2013, U.K. equity income AUM experienced net outflows of \$4.8 billion. Our total AUM in EMEA at December 31, 2013 is \$171.9 billion. Excluding the net outflows from U.K. equity income, EMEA long term net inflows for the fourth quarter of 2013 were \$4.3 billion.

On December 31, 2013, the sale of Atlantic Trust to CIBC was completed. The results of Atlantic Trust, together with expenses associated with the sale and the gain on the sale, are reflected as discontinued operations in the Consolidated Statements of Income and are therefore excluded from the continuing operations of Invesco. Comparative periods shown in the Consolidated Statements of Income have been adjusted to conform with this presentation. Similarly, total AUM excludes the AUM of Atlantic Trust with comparative periods adjusted to a consistent basis.

Regulators in various jurisdictions have proposed or are exploring changes to the manner in which fund distributors are compensated for the services they provide. The U.K. Financial Conduct Authority has implemented its Retail Distribution Review ("RDR"), which is expected to reshape the manner in which retail investment funds are sold in the U.K. by changing how retail clients pay for investment advice given in respect of all retail investment products. Invesco has prepared for the RDR implementation by offering investment funds to U.K. investors which are priced at a reduced gross management fee, but which in turn do not result in the payment by the company of a distribution fee to the intermediary. These changes are not expected to have a significant impact on net revenues as investors move into these offerings. In the U.S., the SEC has previously proposed and may repurpose significant changes to Rule 12b-1. Other countries have announced similar distribution fee reviews.

### **Presentation of Management's Discussion and Analysis of Financial Condition and Results of Operations**

The company provides investment management services to, and has transactions with, various private equity, real estate, fund-of-funds, collateralized loan obligation products (CLOs), and other investment entities 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 the products.

Investment products that are consolidated are referred to in this Report as either Consolidated Sponsored Investment Products (CSIP), which generally includes consolidated majority-held sponsored investment products, or Consolidated Investment Products (CIP), which includes consolidated nominally-held investment products. This distinction is important, as it differentiates the company's economic risk associated with each type of consolidated managed fund. The company's economic risk with respect to each investment in a CSIP and a CIP is limited to its equity ownership and any uncollected management fees. Gains and losses arising from nominally-held CIP do not have a significant impact on the company's results of operations, liquidity, or capital resources. Gains and losses arising from majority-held CSIP could have a significant impact on the company's results of operations, as the company has greater economic risk associated with its investment. See Item 8, Financial Statements and Supplementary Data, - Note 1 "Accounting Policies," Note 19 , "Consolidated Sponsored Investment Products," and Note 20 , "Consolidated Investment Products," for additional information regarding the impact of consolidation of managed funds.

The majority of the company's CIP balances are CLO-related. The collateral assets of the CLOs are held solely to satisfy the obligations of the CLOs. The company has no right to the benefits from, nor does it bear the risks associated with, the collateral assets held by the CLOs, beyond the company's minimal direct investments in, and management and performance fees generated from, the CLOs. If the company were to liquidate, the collateral assets would not be available to the general creditors of the company, and as a result, the company does not consider them to be company assets. Likewise, the investors in the CLOs have no recourse to the general credit of the company for the notes issued by the CLOs. The company therefore does not consider this debt to be a company liability.

The impact of CIP is so significant to the presentation of the company's Consolidated Financial Statements (but not to the underlying financial condition or results of operations of the company) that the company has elected to deconsolidate these products in its non-GAAP disclosures. The following discussion therefore combines the results presented under U.S. generally accepted accounting principles (U.S. GAAP) with the company's non-GAAP presentation. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains four distinct sections, which follow after the Assets Under Management discussion:

- Results of Operations (years ended December 31, 2013 compared to December 31, 2012 compared to December 31, 2011 );
- Schedule of Non-GAAP Information;
- Balance Sheet Discussion; and
- Liquidity and Capital Resources.

Each of the Consolidated Financial Statement summary sections (Results of Operations, Balance Sheet Discussion, and Liquidity and Capital Resources) begins with a table illustrating the impact of CIP relative to the company's consolidated totals. The impact is illustrated by a column which shows the dollar-value change in the consolidated figures, as caused by the consolidation of CIP. For example, the impact of CIP on operating revenues for the year ended December 31, 2013 was a reduction of \$37.9 million . This indicates that their consolidation reduced consolidated revenues by this amount, reflecting the elimination upon their consolidation of the operating revenues earned by Invesco for managing these investment products.

The narrative in each of these sections separately provides discussion of the underlying financial statement activity for the company, before consolidation of CIP, as well as of the financial statement activity of CIP. Additionally, wherever a non-GAAP measure is referenced, a disclosure will follow in the narrative or in the note referring the reader to the Schedule of Non-GAAP Information, where additional details regarding the use of the non-GAAP measure by the company are disclosed, along with reconciliations of the most directly comparable U.S. GAAP measures to the non-GAAP measures. To further enhance the readability of the Results of Operations section, separate tables for each of the revenue, expense, and other income and expenses (non-operating income/expense) sections of the income statement introduce the narrative that follows, providing a section-by-section review of the company's income statements for the periods presented.

## Summary Operating Information

Summary operating information for 2013 , 2012 and 2011 is presented in the table below.

| \$ in millions, other than per share amounts, operating margins, ratios and AUM | Year ended December 31, |         |         |
|---|-------------------------|---------|---------|
|   | 2013                    | 2012    | 2011    |
| <b>U.S. GAAP Financial Measures Summary <sup>(1)</sup></b>                      |                         |         |         |
| Operating revenues  | 4,644.6                 | 4,050.4 | 3,982.3 |
| Operating income  | 1,120.2                 | 842.6   | 882.1   |
| Operating margin  | 24.1%                   | 20.8%   | 22.2%   |
| Net income attributable to common shareholders                                  | 940.3                   | 677.1   | 729.7   |
| Diluted EPS   | 2.10                    | 1.49    | 1.57    |
| Debt/equity ratio including CIP (%)   | 64.3%                   | 56.2%   | 74.4%   |
| <b>Non-GAAP Financial Measures Summary</b>                                      |                         |         |         |
| Net revenues <sup>(2)</sup>   | 3,252.0                 | 2,836.0 | 2,791.6 |
| Adjusted operating income <sup>(3)</sup>  | 1,292.1                 | 1,012.1 | 1,046.2 |
| Adjusted operating margin <sup>(3)</sup>  | 39.7%                   | 35.7%   | 37.5%   |
| Adjusted net income attributable to common shareholders <sup>(4)</sup>          | 953.3                   | 748.6   | 759.1   |
| Adjusted diluted EPS <sup>(4)</sup>   | 2.13                    | 1.65    | 1.63    |
| Debt/equity ratio excluding CIP (%) <sup>(5)</sup>                              | 19.1%                   | 14.5%   | 16.5%   |
| <b>Assets Under Management <sup>(1)</sup></b>                                   |                         |         |         |
| Ending AUM (billions)   | 778.7                   | 667.4   | 607.3   |
| Average AUM (billions)  | 725.6                   | 645.3   | 617.8   |

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- (1) The company has adopted a discontinued operations presentation for Atlantic Trust. Amounts presented represent continuing operations and exclude Atlantic Trust, with the exception of net income attributable to common shareholders and diluted earnings per share. Prior period amounts have been reclassified to conform with this presentation.
- (2) Net revenues is a non-GAAP financial measure. See Item 6, "Selected Financial Data," footnote 2, for the definition of this measure and the related reconciliation reference.
- (3) Adjusted operating income and adjusted operating margin are non-GAAP financial measures. See Item 6, "Selected Financial Data," footnote 3, for the definition of these measures and the related reconciliation reference.
- (4) Adjusted net income attributable to common shareholders and adjusted diluted EPS are non-GAAP financial measures. See Item 6, "Selected Financial Data," footnote 4, for the definition of these measures and the related reconciliation reference.
- (5) The debt-to-equity ratio excluding CIP is a non-GAAP financial measure. See the "Liquidity and Capital Resources" section for a recalculation of this ratio and other important disclosures.

## Investment Capabilities Performance Overview

Invesco's first strategic priority is to achieve strong investment performance over the long-term for our clients. The table below presents the one-, three- and five-year performance of our actively managed investment products measured by the percentage of AUM ahead of benchmark and AUM in the top half of peer group. <sup>(1)</sup>

|                                     | Benchmark Comparison        |      |      | Peer Group Comparison              |      |     |
|-------------------------------------|-----------------------------|------|------|------------------------------------|------|-----|
|                                     | % of AUM Ahead of Benchmark |      |      | % of AUM In Top Half of Peer Group |      |     |
|                                     | 1yr                         | 3yr  | 5yr  | 1yr                                | 3yr  | 5yr |
| <b>Equities</b>                     |                             |      |      |                                    |      |     |
| U.S. Core                           | 32%                         | 49%  | 26%  | 17%                                | 48%  | 17% |
| U.S. Growth                         | 71%                         | 30%  | 38%  | 70%                                | 24%  | 38% |
| U.S. Value                          | 81%                         | 57%  | 80%  | 71%                                | 81%  | 56% |
| Sector Funds                        | 77%                         | 72%  | 97%  | 19%                                | 23%  | 53% |
| U.K.                                | 98%                         | 99%  | 86%  | 96%                                | 98%  | 11% |
| Canadian                            | 100%                        | 100% | 73%  | 96%                                | 72%  | 56% |
| Asian                               | 76%                         | 78%  | 77%  | 64%                                | 68%  | 67% |
| Continental European                | 96%                         | 100% | 100% | 67%                                | 94%  | 94% |
| Global                              | 72%                         | 91%  | 61%  | 85%                                | 85%  | 69% |
| Global Ex U.S. and Emerging Markets | 83%                         | 97%  | 97%  | 6%                                 | 94%  | 97% |
| <b>Fixed Income</b>                 |                             |      |      |                                    |      |     |
| Money Market                        | 52%                         | 58%  | 58%  | 96%                                | 96%  | 96% |
| U.S. Fixed Income                   | 60%                         | 87%  | 81%  | 72%                                | 95%  | 84% |
| Global Fixed Income                 | 84%                         | 85%  | 97%  | 79%                                | 84%  | 86% |
| Stable Value                        | 100%                        | 100% | 100% | 100%                               | 100% | 25% |
| <b>Other</b>                        |                             |      |      |                                    |      |     |
| Alternatives                        | 32%                         | 49%  | 47%  | 67%                                | 60%  | 26% |
| Balanced                            | 43%                         | 73%  | 60%  | 62%                                | 97%  | 97% |

(1) AUM measured in the one-, three-, and five-year peer group rankings represents 61% , 61% , and 57% of total Invesco AUM, respectively, and AUM measured versus benchmark on a one-, three-, and five-year basis represents 72% , 72% , and 68% of total Invesco AUM, respectively, as of December 31, 2013 . Peer group rankings are sourced from a widely-used third party ranking agency in each fund's market (Lipper, Morningstar, IMA, Russell, Mercer, eVestment Alliance, SITCA, Value Research) and are asset-weighted in USD. Rankings are as of prior quarter-end for most institutional products and preceding month-end for Australian retail funds due to their late release by third parties. Rankings for the most representative fund in each Global Investment Performance Standard (GIPS) composite are applied to all products within each GIPS composite. Excludes passive products, closed-end funds, private equity limited partnerships, non-discretionary direct real estate, unit investment trusts fund-of-funds with component funds managed by Invesco, stable value building block funds and CLOs. Atlantic Trust results are excluded due to its sale. Certain funds and products were excluded from the analysis because of limited benchmark or peer group data. Had these been available, results may have been different. These results are preliminary and subject to revision. Performance assumes the reinvestment of dividends. Past performance is not indicative of future results and may not reflect an investor's experience.

As of December 31, 2013, 72%, 83% and 62% of ranked actively managed assets performed in the top half of peer groups on a one-year, three-year and five-year basis respectively. Within our equity asset class, the performance of Canadian equities continued to improve in both the benchmark and peer group comparisons. The U.K., Continental European and Global Ex U.S. and Emerging Markets equities have also had strong relative performance, with 86% or more of assets beating their benchmark over three- and five-year periods. Additionally, Continental European and Global Ex U.S. and Emerging Markets reflect strong performance with 94% and 97%, respectively, of assets beating peers on a five-year basis. The U.K. shows solid improvement during the one- and three-year basis as a comparison to peer group from a brief period in which we trailed the market during 2009 in the five-year comparison. Our balanced asset class reflects strong peer group comparison with 97% in the top half on both the three- and five-year basis. Within our fixed income asset class, Stable Value products have achieved excellent long-term performance with 100% of AUM ahead of benchmark on a one-, three- and five-year basis.



## Assets Under Management

The following presentation and discussion of AUM includes Passive and Active AUM. Passive AUM includes ETFs, UITs, leveraged fund balances upon which we do not earn a fee, and other passive mandates. Active AUM is total AUM less Passive AUM.

The AUM tables and the discussion below refer to AUM as long-term and short-term. Short-term AUM includes institutional money market and Invesco PowerShares QQQ AUM. Long-term AUM is total AUM less short-term AUM. Long-term inflows and the underlying reasons for the movements in this line item include investments from new clients, existing clients adding new accounts/funds or contributions/subscriptions into existing accounts/funds, and new funding commitments into private equity funds. Long-term outflows reflect client redemptions from accounts/funds and include the return of invested capital on the maturity or liquidation of private equity funds. We present net flows into institutional money market funds separately because shareholders of those funds typically use them as short-term funding vehicles and because their flows are particularly sensitive to short-term interest rate movements. The net flows in Invesco PowerShares QQQ AUM can also be relatively short-term in nature and, due to the relatively low revenue yield, these can have a significant impact on overall net revenue yield.

Changes in AUM were as follows <sup>(1)</sup>:

| \$ in billions  | 2013      |         |         | 2012      |         |         | 2011      |         |         |
|---|-----------|---------|---------|-----------|---------|---------|-----------|---------|---------|
|   | Total AUM | Active  | Passive | Total AUM | Active  | Passive | Total AUM | Active  | Passive |
| January 1   | 667.4     | 553.4   | 114.0   | 607.3     | 511.0   | 96.3    | 599.6     | 518.8   | 80.8    |
| Long-term inflows   | 179.6     | 137.0   | 42.6    | 131.9     | 102.2   | 29.7    | 138.0     | 102.5   | 35.5    |
| Long-term outflows  | (157.9)   | (123.9) | (34.0)  | (121.5)   | (102.7) | (18.8)  | (123.3)   | (102.2) | (21.1)  |
| Long-term net flows   | 21.7      | 13.1    | 8.6     | 10.4      | (0.5)   | 10.9    | 14.7      | 0.3     | 14.4    |
| Net flows in Invesco Powershares QQQ fund                         | 3.7       | —       | 3.7     | 0.2       | —       | 0.2     | 3.1       | —       | 3.1     |
| Net flows in institutional money market funds                     | 9.0       | 9.0     | —       | 0.1       | 0.1     | —       | 5.3       | 5.3     | —       |
| Total net flows   | 34.4      | 22.1    | 12.3    | 10.7      | (0.4)   | 11.1    | 23.1      | 5.6     | 17.5    |
| Market gains and losses/reinvestment                              | 78.8      | 64.5    | 14.3    | 48.3      | 41.3    | 7.0     | (15.0)    | (12.9)  | (2.1)   |
| Acquisitions/dispositions, net                                    | —         | —       | —       | (1.7)     | (1.7)   | —       | —         | —       | —       |
| Foreign currency translation                                      | (1.9)     | (1.0)   | (0.9)   | 2.8       | 3.2     | (0.4)   | (0.4)     | (0.5)   | 0.1     |
| December 31   | 778.7     | 639.0   | 139.7   | 667.4     | 553.4   | 114.0   | 607.3     | 511.0   | 96.3    |
| <b>Average AUM</b>  |           |         |         |           |         |         |           |         |         |
| Average long-term AUM   | 613.7     | 523.3   | 90.4    | 543.5     | 466.1   | 77.4    | 524.4     | 458.2   | 66.2    |
| Average short-term AUM  | 111.9     | 75.6    | 36.3    | 101.8     | 69.0    | 32.8    | 93.4      | 68.3    | 25.1    |
| Average AUM   | 725.6     | 598.9   | 126.7   | 645.3     | 535.1   | 110.2   | 617.8     | 526.5   | 91.3    |
| <b>Revenue yield</b>  |           |         |         |           |         |         |           |         |         |
| Gross revenue yield on AUM <sup>(2)</sup>                         | 64.4      | 75.6    | 11.6    | 63.1      | 74.2    | 9.3     | 64.8      | 74.3    | 10.8    |
| Gross revenue yield on AUM before performance fees <sup>(2)</sup> | 63.6      | 74.7    | 11.6    | 62.4      | 73.4    | 9.3     | 64.4      | 73.8    | 10.8    |
| Net revenue yield on AUM <sup>(3)</sup>                           | 44.8      | 51.8    | 11.6    | 43.9      | 51.1    | 9.3     | 45.2      | 51.2    | 10.8    |
| Net revenue yield on AUM before performance fees <sup>(3)</sup>   | 43.9      | 50.7    | 11.6    | 43.3      | 50.3    | 9.3     | 44.8      | 50.7    | 10.8    |

(1) On December 31, 2013, the company completed the sale of Atlantic Trust. All AUM amounts quoted in the tables exclude the AUM of the discontinued operations, Atlantic Trust. As of December 31, 2012, the excluded Atlantic Trust total AUM were \$20.3 billion ( \$18.0 billion at December 31, 2011 ; \$16.9 billion at December 31, 2010 ) with \$18.5 billion in balanced at December 31, 2012 ( \$17.4 billion at December 31, 2011 ; \$16.9 billion at December 31, 2010 ) and \$1.8 billion in equity at December 31, 2012 ( \$0.6 billion at December 31, 2011 ; none at December 31, 2010 ).

(2) Gross revenue yield on AUM is equal to annualized total operating revenues divided by average AUM, excluding joint venture (JV) AUM. Our share of the average AUM in 2013 for our JVs in China was \$4.0 billion ( 2012 : \$3.0 billion , 2011 : \$3.3 billion ). It is appropriate to exclude the average AUM of our JVs for purposes of computing gross revenue yield on AUM, because the revenues resulting from these AUM are not presented in our operating revenues. Under U.S. GAAP, our share of the net income of the JVs is recorded as equity in earnings of unconsolidated affiliates on our Consolidated S statements of Income. Additionally, the numerator of the gross revenue yield measure,

operating revenues, excludes the management fees earned from CIP; however, the denominator of the measure includes the AUM of these investment products. Therefore, the gross revenue yield measure is not considered representative of the company's true effective fee rate from AUM.

- (3) Net revenue yield on AUM is equal to annualized net revenues divided by average AUM. See "Schedule of Non-GAAP Information" for a reconciliation of operating revenues to net revenues.

### *Flows*

There are numerous drivers of AUM inflows and outflows, including individual investor decisions to change investment preferences, fiduciaries and other gatekeepers making broad asset allocation decisions on behalf of their clients and reallocation of investments within portfolios. We are not a party to these asset allocation decisions, as the company does not generally have access to the underlying investor's decision-making process, including their risk appetite or liquidity needs. Therefore, the company is not in a position to provide meaningful information regarding the drivers of inflows and outflows.

AUM at December 31, 2013 were \$778.7 billion ( December 31, 2012 : \$667.4 billion ; December 31, 2011 : \$607.3 billion ). During the year ended December 31, 2013 , long-term net inflows increased AUM by \$21.7 billion , net inflows of short-term AUM included institutional money market funds of \$9.0 billion and net inflows in Invesco PowerShares QQQ fund of \$3.7 billion . During the year ended December 31, 2012 , net long-term inflows increased AUM by \$10.4 billion . We experienced net inflows in institutional money market funds of \$0.1 billion and Invesco PowerShares QQQ fund of \$0.2 billion , and net outflows from dispositions of \$1.7 billion during the year ended December 31, 2012 . During the year ended December 31, 2011 , net long-term inflows increased AUM by \$14.7 billion . We experienced net inflows in institutional money market funds of \$5.3 billion and \$3.1 billion in Invesco PowerShares QQQ fund during the year ended December 31, 2011 .

Net inflows during the year ended December 31, 2013 included net long-term inflows of passive AUM of \$8.6 billion and active net long-term inflows of \$13.1 billion . Net flows were driven by net inflows into our retail distribution channel of \$21.4 billion , primarily in the equity and balanced asset classes. This is the first year since 2009 that net long-term flows have been positive into the equity class of assets. Net inflows during the year ended December 31, 2012 included net long-term inflows of passive AUM of \$10.9 billion and active net long-term AUM outflows of \$0.5 billion . Net flows in 2012 were driven by net inflows of \$10.4 billion into our retail distribution channel, primarily in the fixed income and balanced asset classes, while our equity asset class experienced net outflows of \$10.7 billion . Net inflows during the year ended December 31, 2011 included net long-term inflows of passive AUM of \$14.4 billion . Net flows in 2011 were driven by positive net inflow of \$6.0 billion into our retail and \$8.7 billion into institutional distribution channels, primarily in the fixed income asset class, while our equity asset class experienced net outflows of \$11.4 billion.

Average AUM during the year ended December 31, 2013 were \$725.6 billion , compared to \$645.3 billion for the year ended December 31, 2012 and \$617.8 billion for the year ended December 31, 2011 .

### *Market Returns*

Market gains and losses/reinvestment of AUM includes the net change in AUM resulting from changes in market values of the underlying securities from period to period and reinvestment of client dividends. As discussed in the "Executive Overview" section of this Management's Discussion and Analysis, global equity markets produced strong returns during both the year ended December 31, 2013 and the year ended December 31, 2012, contrasting with an overall decline experienced in the year ending December 31, 2011.

During the year ended December 31, 2013 , positive market movement increased AUM by \$78.8 billion , with \$77.4 billion attributed to our equity asset class. Our balanced asset class was also positively impacted by the change in market valuations during the period. During the year ended December 31, 2012 , market gains increased AUM by \$48.3 billion and included \$33.3 billion in positive market movement of our equity asset class. Our fixed income, balanced, and alternatives asset classes were also positively impacted by the change in market valuations during the period. Market losses during the year ended December 31, 2011 decreased the value of our equity asset class by \$15.0 billion , decreasing in line with equity markets globally.

*Foreign Exchange Rates*

Foreign exchange rate movements in our AUM result from the effect of changes in foreign exchange rates from period to period as non-U.S. Dollar denominated AUM is translated into U.S. Dollars, the reporting currency of the company. The table below illustrates the spot foreign exchange rates used for translation into the U.S. Dollar at December 31, 2013, 2012, and 2011 :

| Foreign Exchange Rates       | December 31, 2013 | December 31, 2012 | December 31, 2011 |
|------------------------------|-------------------|-------------------|-------------------|
| Pound Sterling (\$ per £)    | 1.655             | 1.625             | 1.555             |
| Canadian Dollar (CAD per \$) | 1.063             | 0.996             | 1.018             |
| Japan (¥ per \$)             | 105.080           | 85.520            | 76.950            |
| Euro (\$ per Euro)           | 1.378             | 1.319             | 1.299             |

During the year ended December 31, 2013, we experienced decreases in AUM of \$1.9 billion due to changes in foreign exchange rates. Changes in foreign exchange rates in the year ended December 31, 2013 were driven primarily by the weakening of the Canadian Dollar relative to the U.S. Dollar, which was reflected in the translation of Canadian Dollar-based AUM into U.S. Dollars and the weakening of the Japanese Yen relative to the U.S. Dollar, which was reflected in the translation of our Yen-based AUM into U.S. Dollars, partially offset by the strengthening of the Pound Sterling relative to the U.S. Dollar, which was reflected in the translation of our Pound Sterling-based AUM into U.S. Dollars, and the strengthening of the Euro relative to the U.S. Dollar, which was reflected in the translation of our Euro-based AUM into U.S. Dollars.

In the year ended December 31, 2012, AUM increased by \$2.8 billion due to foreign exchange rate changes impacted by the strengthening of the Pound Sterling, Canadian Dollar and the Euro relative to the U.S. Dollar, partially offset by the weakening of the Japanese Yen relative to the U.S. Dollar. During the year ended December 31, 2011, foreign exchange rate changes decreased AUM by \$0.4 billion and was driven by the weakening of the Pound Sterling, Canadian Dollar and the Euro relative to the U.S. Dollar, offset by the strengthening of the Japanese Yen relative to the U.S. Dollar.

*Revenue Yield*

Net revenue yield on AUM increased 0.9 basis points to 44.8 basis points in the year ended December 31, 2013 from the year ended December 31, 2012 level of 43.9 basis points. Excluding performance fees, the net revenue yield increased 0.6 basis points to 43.9 basis points in the year ended December 31, 2013 from the year ended December 31, 2012 level of 43.3 basis points.

Changes in our AUM mix significantly impact our net revenue yield. For example, on an asset class basis, our equity and balanced AUM generally earn a higher net revenue rate than money market and fixed income AUM. The combination of average equity and average balanced AUM increased from 50.7% in 2012 to 53.4% of total average AUM in 2013. The comparable averages for money market and fixed income AUM both reduced. This change in asset class mix correlates with the increase in net revenue yield in 2013 when compared to 2012.

The tables that follow also analyze AUM into active and passive style. Passive AUM generally earn a lower effective fee rate than active asset classes. At December 31, 2013, passive AUM were \$139.7 billion, representing 17.9% of total AUM at that date; whereas at December 31, 2012, passive AUM were \$114.0 billion, representing 17.1% of our total AUM at that date. In the year ended December 31, 2013, the net revenue yield on passive AUM was 11.6 basis points compared to 9.3 basis points in the year ended December 31, 2012, an increase of 2.3 basis points, due to changes in mix of passive AUM. The increase in the average yield from passive AUM in 2013 when compared to 2012 has offset any reduction in total net revenue yield normally associated with the higher level of passive AUM as a percentage of total AUM.

The net revenue yield (before performance fees) on active AUM increased from 50.3 basis points in the year ended December 31, 2012 to 50.7 basis points in the year ended December 31, 2013. In 2012, net yield decreased by 1.3 basis points from 2011 due to the higher proportion of passive AUM combined with the lower yield earned by passive AUM.

The increase in passive AUM includes the movements in the Powershares QQQ Nasdaq-100 index tracking fund. The Powershares QQQ fund AUM increased to \$45.7 billion at December 31, 2013 compared to \$30.4 billion at December 31, 2012, and accounts for \$15.3 billion of the \$25.7 billion increase in passive AUM. The revenue yield for Invesco on this product is less than 1 basis point, reimbursing Invesco for the portfolio trading services provided to the fund, and flows into and out of this product therefore have a significant impact on the overall net revenue yield and are a significant factor in the year-on-year yield changes.

Gross revenue yield on AUM increased 1.3 basis points to 64.4 basis points in the year ended December 31, 2013 from the year ended December 31, 2012 level of 63.1 basis points. Management does not consider gross revenue yield, the most comparable U.S. GAAP-based measure to net revenue yield, to be a meaningful effective fee rate measure for the reasons outlined in footnote 2 to the Changes in AUM table above. See “Schedule of Non-GAAP Information” for a reconciliation of operating revenues (gross revenues) to net revenues.

Changes in our AUM by channel, asset class, and client domicile, and average AUM by asset class, are presented below:

**Total AUM by Channel** <sup>(1,2)</sup>

| \$ in billions                                | Total   | Retail  | Institutional |
|---|---------|---------|---------------|
| December 31, 2012                             | 667.4   | 425.8   | 241.6         |
| Long-term inflows                             | 179.6   | 145.2   | 34.4          |
| Long-term outflows                            | (157.9) | (123.8) | (34.1)        |
| Long-term net flows                           | 21.7    | 21.4    | 0.3           |
| Net flows in Invesco PowerShares QQQ fund     | 3.7     | 3.7     | —             |
| Net flows in institutional money market funds | 9.0     | —       | 9.0           |
| Total net flows                               | 34.4    | 25.1    | 9.3           |
| Market gains and losses/reinvestment          | 78.8    | 68.1    | 10.7          |
| Foreign currency translation                  | (1.9)   | 0.6     | (2.5)         |
| December 31, 2013                             | 778.7   | 519.6   | 259.1         |
| December 31, 2011                             | 607.3   | 374.0   | 233.3         |
| Long-term inflows                             | 131.9   | 104.1   | 27.8          |
| Long-term outflows                            | (121.5) | (93.7)  | (27.8)        |
| Long-term net flows                           | 10.4    | 10.4    | —             |
| Net flows in Invesco PowerShares QQQ fund     | 0.2     | 0.2     | —             |
| Net flows in institutional money market funds | 0.1     | —       | 0.1           |
| Total net flows                               | 10.7    | 10.6    | 0.1           |
| Market gains and losses/reinvestment          | 48.3    | 37.0    | 11.3          |
| Acquisitions/dispositions, net                | (1.7)   | —       | (1.7)         |
| Foreign currency translation                  | 2.8     | 4.2     | (1.4)         |
| December 31, 2012                             | 667.4   | 425.8   | 241.6         |
| December 31, 2010                             | 599.6   | 378.2   | 221.4         |
| Long-term inflows                             | 138.0   | 99.8    | 38.2          |
| Long-term outflows                            | (123.3) | (93.8)  | (29.5)        |
| Long-term net flows                           | 14.7    | 6.0     | 8.7           |
| Net flows in Invesco PowerShares QQQ fund     | 3.1     | 3.1     | —             |
| Net flows in institutional money market funds | 5.3     | —       | 5.3           |
| Total net flows                               | 23.1    | 9.1     | 14.0          |
| Market gains and losses/reinvestment          | (15.0)  | (12.3)  | (2.7)         |
| Foreign currency translation                  | (0.4)   | (1.0)   | 0.6           |
| December 31, 2011                             | 607.3   | 374.0   | 233.3         |

See accompanying notes immediately following these AUM tables.

**Passive AUM by Channel <sup>(2)</sup>**

| <b>\$ in billions</b>                         | <b>Total</b> | <b>Retail</b> | <b>Institutional</b> |
|---|--------------|---------------|----------------------|
| December 31, 2012                             | 114.0        | 91.2          | 22.8                 |
| Long-term inflows                             | 42.6         | 36.7          | 5.9                  |
| Long-term outflows                            | (34.0)       | (27.0)        | (7.0)                |
| Long-term net flows                           | 8.6          | 9.7           | (1.1)                |
| Net flows in Invesco PowerShares QQQ fund     | 3.7          | 3.7           | —                    |
| Net flows in institutional money market funds | —            | —             | —                    |
| Total net flows                               | 12.3         | 13.4          | (1.1)                |
| Market gains and losses/reinvestment          | 14.3         | 13.6          | 0.7                  |
| Foreign currency translation                  | (0.9)        | —             | (0.9)                |
| December 31, 2013                             | 139.7        | 118.2         | 21.5                 |
| December 31, 2011                             | 96.3         | 76.9          | 19.4                 |
| Long-term inflows                             | 29.7         | 24.7          | 5.0                  |
| Long-term outflows                            | (18.8)       | (17.4)        | (1.4)                |
| Long-term net flows                           | 10.9         | 7.3           | 3.6                  |
| Net flows in Invesco PowerShares QQQ fund     | 0.2          | 0.2           | —                    |
| Net flows in institutional money market funds | —            | —             | —                    |
| Total net flows                               | 11.1         | 7.5           | 3.6                  |
| Market gains and losses/reinvestment          | 7.0          | 6.8           | 0.2                  |
| Foreign currency translation                  | (0.4)        | —             | (0.4)                |
| December 31, 2012                             | 114.0        | 91.2          | 22.8                 |
| December 31, 2010                             | 80.8         | 70.6          | 10.2                 |
| Long-term inflows                             | 35.5         | 24.1          | 11.4                 |
| Long-term outflows                            | (21.1)       | (19.3)        | (1.8)                |
| Long-term net flows                           | 14.4         | 4.8           | 9.6                  |
| Net flows in Invesco PowerShares QQQ fund     | 3.1          | 3.1           | —                    |
| Net flows in institutional money market funds | —            | —             | —                    |
| Total net flows                               | 17.5         | 7.9           | 9.6                  |
| Market gains and losses/reinvestment          | (2.1)        | (1.6)         | (0.5)                |
| Foreign currency translation                  | 0.1          | —             | 0.1                  |
| December 31, 2011                             | 96.3         | 76.9          | 19.4                 |

See accompanying notes immediately following these AUM tables.

**Total AUM by Asset Class <sup>(1,3)</sup>**

| <b>\$ in billions</b>                         | <b>Total</b> | <b>Equity</b> | <b>Fixed Income</b> | <b>Balanced</b> | <b>Money Market</b> | <b>Alternatives <sup>(4)</sup></b> |
|---|--------------|---------------|---------------------|-----------------|---------------------|------------------------------------|
| December 31, 2012                             | 667.4        | 295.6         | 171.9               | 43.6            | 73.3                | 83.0                               |
| Long-term inflows                             | 179.6        | 88.5          | 39.3                | 19.7            | 3.7                 | 28.4                               |
| Long-term outflows                            | (157.9)      | (81.5)        | (37.0)              | (13.6)          | (3.5)               | (22.3)                             |
| Long-term net flows                           | 21.7         | 7.0           | 2.3                 | 6.1             | 0.2                 | 6.1                                |
| Net flows in Invesco PowerShares QQQ fund     | 3.7          | 3.7           | —                   | —               | —                   | —                                  |
| Net flows in institutional money market funds | 9.0          | —             | —                   | —               | 9.0                 | —                                  |
| Total net flows                               | 34.4         | 10.7          | 2.3                 | 6.1             | 9.2                 | 6.1                                |
| Market gains and losses/reinvestment          | 78.8         | 77.4          | (2.2)               | 3.5             | 0.3                 | (0.2)                              |
| Foreign currency translation                  | (1.9)        | (0.6)         | (0.3)               | 0.1             | (0.1)               | (1.0)                              |
| December 31, 2013                             | 778.7        | 383.1         | 171.7               | 53.3            | 82.7 <sup>(5)</sup> | 87.9                               |
| Average AUM                                   | 725.6        | 336.0         | 173.9               | 51.2            | 79.4                | 85.1                               |
| % of total average AUM                        | 100.0%       | 46.3%         | 24.0%               | 7.1%            | 10.9%               | 11.7%                              |
| December 31, 2011                             | 607.3        | 270.4         | 149.0               | 27.2            | 74.0                | 86.7                               |
| Long-term inflows                             | 131.9        | 52.5          | 38.9                | 18.3            | 2.7                 | 19.5                               |
| Long-term outflows                            | (121.5)      | (63.2)        | (25.8)              | (5.9)           | (3.4)               | (23.2)                             |
| Long-term net flows                           | 10.4         | (10.7)        | 13.1                | 12.4            | (0.7)               | (3.7)                              |
| Net flows in Invesco PowerShares QQQ fund     | 0.2          | 0.2           | —                   | —               | —                   | —                                  |
| Net flows in institutional money market funds | 0.1          | —             | —                   | —               | 0.1                 | —                                  |
| Total net flows                               | 10.7         | (10.5)        | 13.1                | 12.4            | (0.6)               | (3.7)                              |
| Market gains and losses/reinvestment          | 48.3         | 33.3          | 9.4                 | 3.3             | (0.1)               | 2.4                                |
| Acquisitions/dispositions, net                | (1.7)        | —             | —                   | —               | —                   | (1.7)                              |
| Foreign currency translation                  | 2.8          | 2.4           | 0.4                 | 0.7             | —                   | (0.7)                              |
| December 31, 2012                             | 667.4        | 295.6         | 171.9               | 43.6            | 73.3                | 83.0                               |
| Average AUM                                   | 645.3        | 291.8         | 160.1               | 35.3            | 73.1                | 85.0                               |
| % of total average AUM                        | 100.0%       | 45.2%         | 24.8%               | 5.5%            | 11.3%               | 13.2%                              |
| December 31, 2010                             | 599.6        | 294.0         | 132.0               | 26.6            | 68.3                | 78.7                               |
| Long-term inflows                             | 138.0        | 58.1          | 38.8                | 7.4             | 2.2                 | 31.5                               |
| Long-term outflows                            | (123.3)      | (69.5)        | (25.1)              | (5.4)           | (2.0)               | (21.3)                             |
| Long-term net flows                           | 14.7         | (11.4)        | 13.7                | 2.0             | 0.2                 | 10.2                               |
| Net flows in Invesco PowerShares QQQ fund     | 3.1          | 3.1           | —                   | —               | —                   | —                                  |
| Net flows in institutional money market funds | 5.3          | —             | —                   | —               | 5.3                 | —                                  |
| Total net flows                               | 23.1         | (8.3)         | 13.7                | 2.0             | 5.5                 | 10.2                               |
| Market gains and losses/reinvestment          | (15.0)       | (15.0)        | 3.2                 | (1.1)           | 0.2                 | (2.3)                              |
| Foreign currency translation                  | (0.4)        | (0.3)         | 0.1                 | (0.3)           | —                   | 0.1                                |
| December 31, 2011                             | 607.3        | 270.4         | 149.0               | 27.2            | 74.0                | 86.7                               |
| Average AUM                                   | 617.8        | 287.9         | 144.7               | 26.9            | 73.3                | 85.0                               |
| % of total average AUM                        | 100.0%       | 46.6%         | 23.4%               | 4.4%            | 11.9%               | 13.8%                              |

See accompanying notes immediately following these AUM tables.

Passive AUM by Asset Class <sup>(3)</sup>

| \$ in billions                                | Total  | Equity | Fixed Income | Balanced | Money Market | Alternatives <sup>(4)</sup> |
|---|--------|--------|--------------|----------|--------------|-----------------------------|
| December 31, 2012                             | 114.0  | 55.5   | 39.0         | —        | —            | 19.5                        |
| Long-term inflows                             | 42.6   | 25.4   | 13.0         | —        | —            | 4.2                         |
| Long-term outflows                            | (34.0) | (16.1) | (10.1)       | —        | —            | (7.8)                       |
| Long-term net flows                           | 8.6    | 9.3    | 2.9          | —        | —            | (3.6)                       |
| Net flows in Invesco PowerShares QQQ fund     | 3.7    | 3.7    | —            | —        | —            | —                           |
| Net flows in institutional money market funds | —      | —      | —            | —        | —            | —                           |
| Total net flows                               | 12.3   | 13.0   | 2.9          | —        | —            | (3.6)                       |
| Market gains and losses/reinvestment          | 14.3   | 17.1   | (2.4)        | —        | —            | (0.4)                       |
| Foreign currency translation                  | (0.9)  | —      | —            | —        | —            | (0.9)                       |
| December 31, 2013                             | 139.7  | 85.6   | 39.5         | —        | —            | 14.6                        |
| Average AUM                                   | 126.7  | 69.1   | 41.4         | —        | —            | 16.2                        |
| % of total average AUM                        | 100.0% | 54.5%  | 32.7%        | —%       | —%           | 12.8%                       |
| December 31, 2011                             | 96.3   | 45.6   | 30.0         | —        | —            | 20.7                        |
| Long-term inflows                             | 29.7   | 14.0   | 11.2         | —        | —            | 4.5                         |
| Long-term outflows                            | (18.8) | (10.2) | (2.7)        | —        | —            | (5.9)                       |
| Long-term net flows                           | 10.9   | 3.8    | 8.5          | —        | —            | (1.4)                       |
| Net flows in Invesco PowerShares QQQ fund     | 0.2    | 0.2    | —            | —        | —            | —                           |
| Net flows in institutional money market funds | —      | —      | —            | —        | —            | —                           |
| Total net flows                               | 11.1   | 4.0    | 8.5          | —        | —            | (1.4)                       |
| Market gains and losses/reinvestment          | 7.0    | 5.9    | 0.5          | —        | —            | 0.6                         |
| Foreign currency translation                  | (0.4)  | —      | —            | —        | —            | (0.4)                       |
| December 31, 2012                             | 114.0  | 55.5   | 39.0         | —        | —            | 19.5                        |
| Average AUM                                   | 110.2  | 55.5   | 34.8         | —        | —            | 19.9                        |
| % of total average AUM                        | 100.0% | 50.4%  | 31.6%        | —%       | —%           | 18.1%                       |
| December 31, 2010                             | 80.8   | 42.8   | 19.8         | —        | —            | 18.2                        |
| Long-term inflows                             | 35.5   | 11.1   | 12.1         | —        | —            | 12.3                        |
| Long-term outflows                            | (21.1) | (9.9)  | (2.6)        | —        | —            | (8.6)                       |
| Long-term net flows                           | 14.4   | 1.2    | 9.5          | —        | —            | 3.7                         |
| Net flows in Invesco PowerShares QQQ fund     | 3.1    | 3.1    | —            | —        | —            | —                           |
| Net flows in institutional money market funds | —      | —      | —            | —        | —            | —                           |
| Total net flows                               | 17.5   | 4.3    | 9.5          | —        | —            | 3.7                         |
| Market gains and losses/reinvestment          | (2.1)  | (1.5)  | 0.7          | —        | —            | (1.3)                       |
| Foreign currency translation                  | 0.1    | —      | —            | —        | —            | 0.1                         |
| December 31, 2011                             | 96.3   | 45.6   | 30.0         | —        | —            | 20.7                        |
| Average AUM                                   | 91.3   | 44.8   | 26.7         | —        | —            | 19.8                        |
| % of total average AUM                        | 100.0% | 49.1%  | 29.2%        | —%       | —%           | 21.7%                       |

See accompanying notes immediately following these AUM tables.

**Total AUM by Client Domicile** <sup>(1,6)</sup>

| \$ in billions                                | Total   | U.S.   | Canada | U.K.   | Continental Europe | Asia   |
|---|---------|--------|--------|--------|--------------------|--------|
| December 31, 2012                             | 667.4   | 452.5  | 25.2   | 101.9  | 38.8               | 49.0   |
| Long-term inflows                             | 179.6   | 104.7  | 3.8    | 16.3   | 32.1               | 22.7   |
| Long-term outflows                            | (157.9) | (94.2) | (4.7)  | (22.0) | (19.0)             | (18.0) |
| Long-term net flows                           | 21.7    | 10.5   | (0.9)  | (5.7)  | 13.1               | 4.7    |
| Net flows in Invesco PowerShares QQQ fund     | 3.7     | 3.7    | —      | —      | —                  | —      |
| Net flows in institutional money market funds | 9.0     | 6.0    | 0.2    | (0.2)  | 3.1                | (0.1)  |
| Total net flows                               | 34.4    | 20.2   | (0.7)  | (5.9)  | 16.2               | 4.6    |
| Market gains and losses/reinvestment          | 78.8    | 48.3   | 4.4    | 16.3   | 5.5                | 4.3    |
| Foreign currency translation                  | (1.9)   | 0.3    | (1.8)  | 2.5    | 0.4                | (3.3)  |
| December 31, 2013                             | 778.7   | 521.3  | 27.1   | 114.8  | 60.9               | 54.6   |
| December 31, 2011                             | 607.3   | 412.0  | 23.4   | 89.8   | 32.0               | 50.1   |
| Long-term inflows                             | 131.9   | 81.6   | 3.8    | 13.4   | 20.6               | 12.5   |
| Long-term outflows                            | (121.5) | (71.4) | (5.0)  | (15.2) | (14.9)             | (15.0) |
| Long-term net flows                           | 10.4    | 10.2   | (1.2)  | (1.8)  | 5.7                | (2.5)  |
| Net flows in Invesco PowerShares QQQ fund     | 0.2     | 0.2    | —      | —      | —                  | —      |
| Net flows in institutional money market funds | 0.1     | 0.6    | 0.1    | (0.2)  | —                  | (0.4)  |
| Total net flows                               | 10.7    | 11.0   | (1.1)  | (2.0)  | 5.7                | (2.9)  |
| Market gains and losses/reinvestment          | 48.3    | 29.5   | 2.3    | 10.4   | 2.5                | 3.6    |
| Acquisitions/dispositions, net                | (1.7)   | —      | —      | —      | (1.7)              | —      |
| Foreign currency translation                  | 2.8     | —      | 0.6    | 3.7    | 0.3                | (1.8)  |
| December 31, 2012                             | 667.4   | 452.5  | 25.2   | 101.9  | 38.8               | 49.0   |
| December 31, 2010                             | 599.6   | 398.5  | 27.9   | 92.1   | 35.3               | 45.8   |
| Long-term inflows                             | 138.0   | 80.8   | 2.6    | 14.3   | 17.2               | 23.1   |
| Long-term outflows                            | (123.3) | (71.8) | (5.7)  | (13.8) | (18.4)             | (13.6) |
| Long-term net flows                           | 14.7    | 9.0    | (3.1)  | 0.5    | (1.2)              | 9.5    |
| Net flows in Invesco PowerShares QQQ fund     | 3.1     | 3.1    | —      | —      | —                  | —      |
| Net flows in institutional money market funds | 5.3     | 5.7    | 0.1    | (0.7)  | (0.1)              | 0.3    |
| Total net flows                               | 23.1    | 17.8   | (3.0)  | (0.2)  | (1.3)              | 9.8    |
| Market gains and losses/reinvestment          | (15.0)  | (4.3)  | (0.8)  | (1.6)  | (1.6)              | (6.7)  |
| Foreign currency translation                  | (0.4)   | —      | (0.7)  | (0.5)  | (0.4)              | 1.2    |
| December 31, 2011                             | 607.3   | 412.0  | 23.4   | 89.8   | 32.0               | 50.1   |

See accompanying notes immediately following these AUM tables.



**Passive AUM by Client Domicile <sup>(6)</sup>**

| \$ in billions                                | Total  | U.S.   | Canada | U.K. | Continental Europe | Asia  |
|---|--------|--------|--------|------|--------------------|-------|
| December 31, 2012                             | 114.0  | 107.8  | 0.1    | —    | 1.1                | 5.0   |
| Long-term inflows                             | 42.6   | 41.8   | —      | —    | 0.7                | 0.1   |
| Long-term outflows                            | (34.0) | (31.5) | —      | —    | (0.3)              | (2.2) |
| Long-term net flows                           | 8.6    | 10.3   | —      | —    | 0.4                | (2.1) |
| Net flows in Invesco PowerShares QQQ fund     | 3.7    | 3.7    | —      | —    | —                  | —     |
| Net flows in institutional money market funds | —      | —      | —      | —    | —                  | —     |
| Total net flows                               | 12.3   | 14.0   | —      | —    | 0.4                | (2.1) |
| Market gains and losses/reinvestment          | 14.3   | 13.4   | —      | —    | 0.3                | 0.6   |
| Foreign currency translation                  | (0.9)  | —      | —      | —    | —                  | (0.9) |
| December 31, 2013                             | 139.7  | 135.2  | 0.1    | —    | 1.8                | 2.6   |
| December 31, 2011                             | 96.3   | 89.6   | —      | —    | 1.3                | 5.4   |
| Long-term inflows                             | 29.7   | 29.0   | 0.1    | —    | 0.2                | 0.4   |
| Long-term outflows                            | (18.8) | (17.7) | —      | —    | (0.6)              | (0.5) |
| Long-term net flows                           | 10.9   | 11.3   | 0.1    | —    | (0.4)              | (0.1) |
| Net flows in Invesco PowerShares QQQ fund     | 0.2    | 0.2    | —      | —    | —                  | —     |
| Net flows in institutional money market funds | —      | —      | —      | —    | —                  | —     |
| Total net flows                               | 11.1   | 11.5   | 0.1    | —    | (0.4)              | (0.1) |
| Market gains and losses/reinvestment          | 7.0    | 6.7    | —      | —    | 0.2                | 0.1   |
| Foreign currency translation                  | (0.4)  | —      | —      | —    | —                  | (0.4) |
| December 31, 2012                             | 114.0  | 107.8  | 0.1    | —    | 1.1                | 5.0   |
| December 31, 2010                             | 80.8   | 77.3   | —      | —    | 1.2                | 2.3   |
| Long-term inflows                             | 35.5   | 31.7   | —      | —    | 0.5                | 3.3   |
| Long-term outflows                            | (21.1) | (20.7) | —      | —    | (0.4)              | —     |
| Long-term net flows                           | 14.4   | 11.0   | —      | —    | 0.1                | 3.3   |
| Net flows in Invesco PowerShares QQQ fund     | 3.1    | 3.1    | —      | —    | —                  | —     |
| Net flows in institutional money market funds | —      | —      | —      | —    | —                  | —     |
| Total net flows                               | 17.5   | 14.1   | —      | —    | 0.1                | 3.3   |
| Market gains and losses/reinvestment          | (2.1)  | (1.8)  | —      | —    | —                  | (0.3) |
| Foreign currency translation                  | 0.1    | —      | —      | —    | —                  | 0.1   |
| December 31, 2011                             | 96.3   | 89.6   | —      | —    | 1.3                | 5.4   |

(1) On December 31, 2013, the company completed the sale of Atlantic Trust. All AUM amounts quoted in the tables presented exclude the AUM of the discontinued operations, Atlantic Trust. As of December 31, 2012, the excluded Atlantic Trust total AUM were \$20.3 billion ( \$18.0 billion at December 31, 2011 ; \$16.9 billion at December 31, 2010 ) with \$18.5 billion in balanced at December 31, 2012 ( \$17.4 billion at December 31, 2011 : \$16.9 billion at December 31, 2010 ) and \$1.8 billion in equity at December 31, 2012 ( \$0.6 billion at December 31, 2011 ; none at December 31, 2010 ).

(2) Channel refers to the internal distribution channel from which the AUM originated. Retail AUM represents AUM distributed by the company's retail sales team. Institutional AUM represents AUM distributed by our institutional sales team. This aggregation is viewed as a proxy for presenting AUM in the retail and institutional markets in which the company operates.

(3) Asset classes are descriptive groupings of AUM by common type of underlying investments.

(4) See Item 1, "Business - Investment Management Capabilities" for a description of the investment objectives included within the Alternatives asset class.

(5) Ending Money Market AUM includes \$76.1 billion in institutional money market AUM and \$6.6 billion in retail money market AUM.

(6) Client domicile disclosure groups AUM by the domicile of the underlying clients.

## Results of Operations for the Years Ended December 31, 2013 compared to December 31, 2012 compared to December 31, 2011

To assist in the comparisons, the discussion that follows will separate the impact of CIP from the overall consolidated results of operations. The impact is illustrated in the tables immediately below by a column which shows the dollar-value change in the consolidated figures, as caused by the consolidation of CIP. For example, the impact of CIP on total operating revenues for the year ended December 31, 2013 was a reduction of \$37.9 million. This indicates that the consolidation of CIP reduced consolidated revenues by \$37.9 million, reflecting the elimination upon consolidation of the operating revenues earned by Invesco for managing these investment products. The discussion below includes the use of non-GAAP financial measures. See “Schedule of Non-GAAP Information” for additional details and reconciliations of the most directly comparable U.S. GAAP measures to the non-GAAP measures.

### Summary of Income Statement Impact of CIP

| \$ in millions  | December 31, 2013 |                           | December 31, 2012 |                           | December 31, 2011 |                           |
|---|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
|   | Impact of CIP     | Invesco Ltd. Consolidated | Impact of CIP     | Invesco Ltd. Consolidated | Impact of CIP     | Invesco Ltd. Consolidated |
| Total operating revenues  | (37.9)            | 4,644.6                   | (41.0)            | 4,050.4                   | (47.2)            | 3,982.3                   |
| Total operating expenses  | 34.9              | 3,524.4                   | 31.5              | 3,207.8                   | 13.0              | 3,100.2                   |
| Operating income  | (72.8)            | 1,120.2                   | (72.5)            | 842.6                     | (60.2)            | 882.1                     |
| Equity in earnings of unconsolidated affiliates                                       | (2.5)             | 35.5                      | 0.5               | 29.7                      | (0.2)             | 30.5                      |
| Interest and dividend income  | (5.5)             | 10.0                      | (12.3)            | 9.8                       | (8.3)             | 11.0                      |
| Interest expense  | —                 | (44.6)                    | —                 | (52.3)                    | —                 | (61.8)                    |
| Other gains and losses, net   | (11.8)            | 2.6                       | (8.7)             | 8.3                       | —                 | 49.0                      |
| Other income/(loss) of CSIP, net  | —                 | 2.9                       | —                 | —                         | —                 | —                         |
| Interest and dividend income of CIP   | 190.0             | 190.0                     | 258.5             | 258.5                     | 307.2             | 307.2                     |
| Interest expense of CIP   | (123.3)           | (123.3)                   | (168.3)           | (168.3)                   | (187.0)           | (187.0)                   |
| Other gains/(losses) of CIP, net  | 61.9              | 61.9                      | (97.7)            | (97.7)                    | (138.9)           | (138.9)                   |
| Income from continuing operations before taxes  | 36.0              | 1,255.2                   | (100.5)           | 830.6                     | (87.4)            | 892.1                     |
| Income tax provision  | —                 | (336.9)                   | —                 | (261.4)                   | —                 | (280.0)                   |
| Income from continuing operations, net of taxes                                       | 36.0              | 918.3                     | (100.5)           | 569.2                     | (87.4)            | 612.1                     |
| Income from discontinued operations, net of taxes                                     | —                 | 64.5                      | —                 | 18.1                      | —                 | 9.9                       |
| Net income  | 36.0              | 982.8                     | (100.5)           | 587.3                     | (87.4)            | 622.0                     |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | (44.7)            | (42.5)                    | 89.8              | 89.8                      | 107.6             | 107.7                     |
| Net income attributable to common shareholders  | (8.7)             | 940.3                     | (10.7)            | 677.1                     | 20.2              | 729.7                     |

**Operating Revenues and Net Revenues**

The main categories of revenues, and the dollar and percentage change between the periods, are as follows:

| \$ in millions   | Years ended December 31, |                |                | Variance     |               |              |              |
|--|--------------------------|----------------|----------------|--------------|---------------|--------------|--------------|
|  |                          |                |                | 2013 vs 2012 |               | 2012 vs 2011 |              |
|  | 2013                     | 2012           | 2011           | \$ Change    | % Change      | \$ Change    | % Change     |
| Investment management fees   | 3,599.6                  | 3,127.8        | 3,040.7        | 471.8        | 15.1 %        | 87.1         | 2.9 %        |
| Service and distribution fees  | 872.8                    | 771.6          | 780.2          | 101.2        | 13.1 %        | (8.6)        | (1.1)%       |
| Performance fees   | 55.9                     | 41.4           | 26.0           | 14.5         | 35.0 %        | 15.4         | 59.2 %       |
| Other  | 116.3                    | 109.6          | 135.4          | 6.7          | 6.1 %         | (25.8)       | (19.1)%      |
| <b>Total operating revenues</b>  | <b>4,644.6</b>           | <b>4,050.4</b> | <b>3,982.3</b> | <b>594.2</b> | <b>14.7 %</b> | <b>68.1</b>  | <b>1.7 %</b> |
| Third-party distribution, service and advisory expenses  | (1,489.2)                | (1,308.2)      | (1,279.4)      | (181.0)      | 13.8 %        | (28.8)       | 2.3 %        |
| Proportional share of revenues, net of third-party distribution expenses, from joint venture investments | 51.7                     | 37.5           | 41.4           | 14.2         | 37.9 %        | (3.9)        | (9.4)%       |
| CIP  | 37.9                     | 41.0           | 47.3           | (3.1)        | (7.6)%        | (6.3)        | (13.3)%      |
| Other reconciling items  | 7.0                      | 15.3           | —              | (8.3)        | (54.2)%       | 15.3         | N/A          |
| <b>Net revenues</b>  | <b>3,252.0</b>           | <b>2,836.0</b> | <b>2,791.6</b> | <b>416.0</b> | <b>14.7 %</b> | <b>44.4</b>  | <b>1.6 %</b> |

Operating revenues increased by 14.7% in the year ended December 31, 2013 to \$4,644.6 million (year ended December 31, 2012 : \$4,050.4 million ). Net revenues increased by 14.7% in the year ended December 31, 2013 to \$3,252.0 million (year ended December 31, 2012 : \$2,836.0 million ). Operating revenues increased by 1.7% in the year ended December 31, 2012 to \$ 4,050.4 million (year ended December 31, 2011 : \$ 3,982.3 million ). Net revenues increased by 1.6% in the year ended December 31, 2012 to \$2,836.0 million (year ended December 31, 2011 : \$2,791.6 million ). Net revenues are operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of net revenues from joint venture arrangements, plus management and performance fees earned from, less other revenues recorded by, CIP, plus other reconciling items. See “Schedule of Non-GAAP Information” for additional important disclosures regarding the use of net revenues.

A significant portion of our business and AUM is based outside of the U.S. The strengthening or weakening of the U.S. dollar against other currencies, primarily the Pound Sterling, Canadian Dollar, Euro and Japanese Yen will impact our reported revenues and expenses from period to period. The income statements of foreign currency subsidiaries are translated into U.S. dollars, the reporting currency of the company, using average foreign exchange rates. The impact of foreign exchange rate movements decreased operating revenues by \$47.4 million , equivalent to 1.0% of total operating revenues, during the year ended December 31, 2013 when compared to the year ended December 31, 2012 (\$20.8 million decrease in 2012 as compared to 2011 , or 0.5% of 2012 total operating revenues). Additionally, our revenues are directly influenced by the level and composition of our AUM. Therefore, movements in global capital market levels, net new business inflows (or outflows) and changes in the mix of investment products between asset classes and geographies may materially affect our revenues from period to period. The returns from most global capital markets increased in the year ended December 31, 2013 . These market value increases, combined with net new business inflows, contributed to a 12.4% increase in average AUM for 2013 when compared to 2012.

The company acquired Morgan Stanley's retail asset management business, including Van Kampen Investments (the “acquired business” or the “acquisition”) on June 1, 2010. As part of the acquisition-related U.S. mutual fund product alignment, certain 1 year and 2 year fee waivers were agreed between the company and the fund boards which reduced the company’s annual management fees by approximately \$30 million commencing June 1, 2011. These fee waivers began to expire during mid-2012 and have fully lapsed by the end of 2013.

*Investment Management Fees*

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 management 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 daily as the levels of AUM change resulting from inflows, outflows and market movements. Investment management fees for products offered in the institutional distribution channel are calculated in accordance with the underlying investment management contracts and also vary over contractually determined periods in relation to the level of client assets managed.

Investment management fees increased by \$471.8 million ( 15.1% ) in the year ended December 31, 2013 , to \$3,599.6 million (year ended December 31, 2012 : \$3,127.8 million ). This compares to a 12.4% increase in average AUM and a 12.9% increase in average long-term AUM. As discussed above, the net revenue yield is higher in the year ended December 31, 2013 when compared to the year ended December 31, 2012 due to changes in the composition of our AUM. In addition, management fees were reduced commencing in June 2011 due to acquisition integration-related U.S. mutual fund mergers, and continuing through mid-2012, negatively impacting yields in 2012 as compared to 2013. See the company's disclosures regarding the changes in AUM and revenue yields during the year ended December 31, 2013 in the "Assets Under Management" section above for additional information regarding the movements in AUM. The impact of foreign exchange rate movements decreased investment management fees by \$41.3 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012 .

Investment management fees increased by \$87.1 million ( 2.9% ) in the year ended December 31, 2012 , to \$ 3,127.8 million (year ended December 31, 2011 : \$ 3,040.7 million ). The increase compares to a 4.5% increase in average AUM and a 3.6% increase in average long-term AUM. As discussed above, the net revenue yield was lower in the year ended December 31, 2012 when compared to the year ended December 31, 2011 due to changes in the composition of our AUM. In addition, as mentioned above, management fees were reduced commencing in June 2011 due to acquisition integration-related U.S. mutual fund mergers. Some of these fee waiver agreements lapsed in mid-2012 benefiting revenue in the second half of 2012. See the company's disclosures regarding the changes in AUM and revenue yields during the year ended December 31, 2012 in the "Assets Under Management" section above for additional information regarding the movements in AUM. The impact of foreign exchange rate movements decreased investment management fees by \$17.9 million (20.6% of the increase) during the year ended December 31, 2012 as compared to the year ended December 31, 2011 .

*Service and Distribution Fees*

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 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; the quoted management fee rate is inclusive of these services.

In the year ended December 31, 2013 , service and distribution fees increased by \$101.2 million ( 13.1% ) to \$872.8 million (year ended December 31, 2012 : \$771.6 million ) due primarily to increases in distribution and redemption fees of \$42.5 million, administration and custodial fees of \$49.6 million and transfer agency fees of \$12.3 million. The impact of foreign exchange rate movements decreased service and distribution fees by \$3.2 million during the year ended December 31, 2013 . The fee increases in 2013 are attributable to the increases in average AUM and the expiration of fund waivers noted above.

In the year ended December 31, 2012 , service and distribution fees decreased by \$8.6 million ( 1.1% ) to \$ 771.6 million (year ended December 31, 2011 : \$ 780.2 million ) due primarily to decreases in transfer agency fees of \$4.8 million and administration and custodial fees of \$2.3 million. The impact of foreign exchange rate movements decreased service and distribution fees by \$1.5 million during the year ended December 31, 2012. The fee reductions are attributable to the fund mergers and fee waivers associated with the U.S. mutual fund product realignment, the continued conversion of B-share fee structures to class A-shares that generate a lower annual service fee, and other changes in the AUM mix as a larger percentage of AUM charged no or lower distribution fees during the year ended December 31, 2012 as compared to the year ended December 31, 2011.

### *Performance Fees*

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. 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. Of our \$778.7 billion in AUM at December 31, 2013, approximately \$47.8 billion or 6.1%, could potentially earn performance fees.

In the year ended December 31, 2013, performance fees increased by \$14.5 million (35.0%) to \$55.9 million (year ended December 31, 2012: \$41.4 million). The performance fees generated in 2013 arose primarily due to products managed by the following investment teams: U.K. Equities (\$36.7 million), Global Quantitative Equity (\$4.4 million), Australian Equity (\$3.4 million), Direct Real Estate (\$1.6 million), Fixed Income (\$6.5 million) and various other teams (\$3.3 million).

During the year ended December 31, 2013, performance fees included £11.5 million (equivalent to \$17.5 million when recorded in March 2013) from Edinburgh Investment Trust plc. The company has agreed to a reduction in the performance fee receivable from the Trust in relation to the Trusts' year ending March 31, 2014, with no performance fees in future years. The maximum performance fee receivable, if any, in the year ended December 31, 2014 will be £4.0 million (equivalent to \$6.6 million at the year-end exchange rate).

In the year ended December 31, 2012, performance fees increased by \$15.4 million (59.2%) to \$41.4 million (year ended December 31, 2011: \$26.0 million). The performance fees generated in 2012 arose primarily due to products managed by the following investment teams: Fixed Income (\$16.5 million), U.K. Equities (\$12.7 million) and Direct Real Estate (\$7.9 million).

### *Other Revenues*

Other revenues include fees derived from our UIT operations, transaction commissions earned upon the sale of new investments into certain of our funds, and fees earned upon the completion of transactions in our direct 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 our Consolidated Financial Statements on the date when the transactions are legally closed. Other revenues also include the revenues of CIP.

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.

In the year ended December 31, 2013, other revenues increased by \$6.7 million (6.1%) to \$116.3 million (year ended December 31, 2012: \$109.6 million). The impact of foreign exchange rate movements offset the increase in other revenues \$1.0 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012. After allowing for foreign exchange rate changes, the increase in other revenues was \$7.7 million. The increase in other revenues include increases in transaction commissions of \$2.0 million generated by our private equity group, UIT revenues of \$3.5 million, mutual funds front end fees of \$6.3 million and other revenues of \$1.1 million, partially offset by decreases in real estate acquisition and disposition fees of \$5.2 million during the year ended December 31, 2013 compared to the year ended December 31, 2012.

In the year ended December 31, 2012, other revenues decreased by \$25.8 million (19.1%) to \$109.6 million (year ended December 31, 2011: \$135.4 million). After allowing for foreign exchange rate changes, the decrease in other revenues was \$24.8 million. The decrease in other revenues included decreases in transaction commissions of \$14.8 million, UIT revenues of \$5.5 million, mutual funds front end fees of \$2.3 million and other revenues of \$2.2 million during the year ended December 31, 2012.

as compared to the year ended December 31, 2011 . Transaction commissions in 2011 included increased commissions generated by our private equity group.

*Third-Party Distribution, Service and Advisory Expenses*

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. 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 along with additional marketing support distribution costs. Both the revenues and the costs are dependent on the underlying AUM of the brokers' clients. Renewal commissions are calculated based upon a percentage of the AUM value. 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. 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.

Third-party distribution, service and advisory expenses increased by \$181.0 million ( 13.8% ) in the year ended December 31, 2013 to \$1,489.2 million (year ended December 31, 2012 : \$1,308.2 million ). The impact of foreign exchange rate movements decreased third-party distribution, service and advisory expenses by \$14.7 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012 . After allowing for foreign exchange rate changes, the increase in third-party distribution, service and advisory expenses was \$195.7 million . The increase includes increases in renewal commissions of \$109.4 million, distribution fees of \$70.6 million, transfer agent fees of \$11.6 million, external commissions of \$5.0 million and administration fees of \$0.9 million. The increases are offset by decreases in sub advisory fees of \$1.8 million. The overall increase is reflective of the higher related retail management fees and service and distribution fees.

Third-party distribution, service and advisory expenses increased by \$28.8 million ( 2.3% ) in the year ended December 31, 2012 to \$1,308.2 million (year ended December 31, 2011 : \$ 1,279.4 million ). The impact of foreign exchange rate movements decreased third-party distribution, service and advisory expenses by \$6.1 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 . After allowing for foreign exchange rate changes, the increase in third-party distribution, service and advisory expenses was \$34.9 million. The increase includes increases in renewal commissions of \$22.8 million, distribution fees of \$10.2 million, transfer agent fees of \$7.4 million and administration fees of \$0.9 million. The increases are offset by decreases in sub advisory fees of \$3.4 million and external commissions of \$3.0 million. As part of the outsourcing of the U.K. transfer agency, operational process changes resulted in an accounting adjustment recognizing additional distribution expense of \$15.3 million in the fourth quarter of 2012, which is included in the \$10.2 million increase noted above. This additional expense is attributable to periods prior to 2012.

*Proportional share of revenues, net of third-party distribution expenses, from joint venture investments*

Management believes that the addition of our proportional share of revenues, net of third-party distribution expenses, from joint venture arrangements should be added to operating revenues to arrive at net revenues, as it is important to evaluate the contribution to the business that our joint venture arrangements are making. See “Schedule of Non-GAAP Information” for additional disclosures regarding the use of net revenues. The company's most significant joint venture arrangement is our 49% investment in Invesco Great Wall Fund Management Company Limited (the “Invesco Great Wall” joint venture).

Our proportional share of revenues, net of third-party distribution expenses, from joint venture investments increased by \$14.2 million ( 37.9% ) to \$51.7 million for the year ended December 31, 2013 (year ended December 31, 2012 : \$37.5 million ). The increase moved in line with our share of the Invesco Great Wall joint venture's average AUM for the year ended December 31, 2013 , which was \$4.0 billion compared to \$3.0 billion at the year ended December 31, 2012 .

Our proportional share of revenues, net of third-party distribution expenses, from joint venture investments decreased by \$3.9 million (9.4%) to \$37.5 million for the year ended December 31, 2012 (year ended December 31, 2011 : \$41.4 million). The decrease moved in line with our share of the Invesco Great Wall joint venture's average AUM for the year ended December 31, 2012 , which was \$3.0 billion , compared to \$3.3 billion at the year ended December 31, 2011 .

*Management, performance and other fees earned from CIP*

Management believes that the consolidation of investment products may impact a reader's analysis of our underlying results of operations and could result in investor confusion or the production of information about the company by analysts or external credit rating agencies that is not reflective of the underlying results of operations and financial condition of the company. Accordingly, management believes that it is appropriate to adjust operating revenues for the impact of CIP in calculating net revenues. As management and performance fees earned by Invesco from the consolidated products are eliminated upon consolidation of the investment products, management believes that it is appropriate to add these operating revenues back in the calculation of net revenues. See "Schedule of Non-GAAP Information" for additional disclosures regarding the use of net revenues.

The elimination of management and performance fees earned from CIP decreased by \$2.7 million to \$38.3 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$41.0 million ). The decrease is primarily due to the impact of funds deconsolidated during the year ended December 31, 2012 . Once the funds are deconsolidated, the management and performance fees are no longer eliminated and are reflected in the respective revenue line items in the Consolidated Statements of Income.

The elimination of management and performance fees earned from CIP decreased by \$6.3 million to \$41.0 million in the year ended December 31, 2012 (year ended December 31, 2011: \$47.3 million). The decrease is primarily due to the impact of funds deconsolidated during the year ended December 31, 2012.

**Operating Expenses**

The main categories of operating expenses, and the dollar and percentage changes between periods, are as follows:

| \$ in millions                                 | Years ended December 31, |                |                | Variance     |              |              |              |
|--|--------------------------|----------------|----------------|--------------|--------------|--------------|--------------|
|  |                          |                |                | 2013 vs 2012 |              | 2012 vs 2011 |              |
|  | 2013                     | 2012           | 2011           | \$ Change    | % Change     | \$ Change    | % Change     |
| Employee compensation                          | 1,329.3                  | 1,228.0        | 1,180.7        | 101.3        | 8.2 %        | 47.3         | 4.0 %        |
| Third-party distribution, service and advisory | 1,489.2                  | 1,308.2        | 1,279.4        | 181.0        | 13.8 %       | 28.8         | 2.3 %        |
| Marketing                                      | 98.6                     | 102.2          | 85.3           | (3.6)        | (3.5)%       | 16.9         | 19.8 %       |
| Property, office and technology                | 292.8                    | 265.1          | 242.9          | 27.7         | 10.4 %       | 22.2         | 9.1 %        |
| General and administrative                     | 311.3                    | 296.1          | 282.5          | 15.2         | 5.1 %        | 13.6         | 4.8 %        |
| Transaction and integration                    | 3.2                      | 8.2            | 29.4           | (5.0)        | (61.0)%      | (21.2)       | (72.1)%      |
| <b>Total operating expenses</b>                | <b>3,524.4</b>           | <b>3,207.8</b> | <b>3,100.2</b> | <b>316.6</b> | <b>9.9 %</b> | <b>107.6</b> | <b>3.5 %</b> |

The table below sets forth these expense categories as a percentage of total operating expenses and operating revenues, which we believe provides useful information as to the relative significance of each type of expense.

| \$ in millions                                 | 2013           | % of Total Operating Expenses | % of Operating Revenues | 2012           | % of Total Operating Expenses | % of Operating Revenues | 2011           | % of Total Operating Expenses | % of Operating Revenues |
|--|----------------|-------------------------------|-------------------------|----------------|-------------------------------|-------------------------|----------------|-------------------------------|-------------------------|
| Employee compensation                          | 1,329.3        | 37.7%                         | 28.6%                   | 1,228.0        | 38.3%                         | 30.3%                   | 1,180.7        | 38.1%                         | 29.6%                   |
| Third-party distribution, service and advisory | 1,489.2        | 42.3%                         | 32.1%                   | 1,308.2        | 40.8%                         | 32.3%                   | 1,279.4        | 41.3%                         | 32.1%                   |
| Marketing                                      | 98.6           | 2.8%                          | 2.1%                    | 102.2          | 3.2%                          | 2.5%                    | 85.3           | 2.8%                          | 2.1%                    |
| Property, office and technology                | 292.8          | 8.3%                          | 6.3%                    | 265.1          | 8.3%                          | 6.5%                    | 242.9          | 7.8%                          | 6.1%                    |
| General and administrative                     | 311.3          | 8.8%                          | 6.7%                    | 296.1          | 9.2%                          | 7.3%                    | 282.5          | 9.1%                          | 7.1%                    |
| Transaction and integration                    | 3.2            | 0.1%                          | 0.1%                    | 8.2            | 0.2%                          | 0.2%                    | 29.4           | 0.9%                          | 0.7%                    |
| <b>Total operating expenses</b>                | <b>3,524.4</b> | <b>100.0%</b>                 | <b>75.9%</b>            | <b>3,207.8</b> | <b>100.0%</b>                 | <b>79.1%</b>            | <b>3,100.2</b> | <b>100.0%</b>                 | <b>77.7%</b>            |

During the year ended December 31, 2013 , operating expenses increased by \$316.6 million ( 9.9% ) to \$3,524.4 million (year ended December 31, 2012 : \$ 3,207.8 million ). Excluding marketing and transaction and integration, all expense categories increased

in 2013 when compared to 2012 . The impact of foreign exchange rate movements offset the increase in operating expenses by \$40.2 million , or 1.1% of total operating expenses, during the year ended December 31, 2013 as compared to the year ended December 31, 2012 .

During the year ended December 31, 2012 , operating expenses increased by \$ 107.6 million ( 3.5% ) to \$ 3,207.8 million (year ended December 31, 2011 : \$ 3,100.2 million ). Excluding transaction and integration, all expense categories increased in 2012 when compared to 2011 . The impact of foreign exchange rate movements offset the increase in operating expenses by \$22.9 million, or 0.7% of total operating expenses, during the year ended December 31, 2012 as compared to the year ended December 31, 2011 .

#### *Employee Compensation*

Employee compensation includes salary, cash bonuses and share-based payment plans designed to attract and retain the highest caliber employees. Employee staff benefit plan costs and payroll taxes are also included in employee compensation.

Employee compensation increased \$101.3 million ( 8.2% ) to \$1,329.3 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$1,228.0 million ). The impact of foreign exchange rate movements offset the increase in employee compensation by \$17.4 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012 . After allowing for foreign exchange rate changes, the increase in employee compensation was \$118.7 million .

Direct compensation increased \$101.9 million and includes increases in annual cash bonuses of \$59.5 million, base salaries of \$13.7 million, sales commissions of \$11.5 million, share-based costs of \$2.9 million and other deferred compensation costs of \$11.9 million during the year ended December 31, 2013 when compared to the year ended December 31, 2012 . Improved company performance was the primary reason for the increase in compensation. Direct compensation also included a \$3.5 million increase in signing and severance costs and \$3.1 million increase in bonuses linked to performance fee revenues, offset by a \$4.5 million reduction in vacation expense during the year ended December 31, 2013 when compared to the year ended December 31, 2012 . Other employee compensation increases included a \$9.2 million increase in payroll taxes related to increased compensation costs and a \$5.8 million increase in staff relocation costs during the year ended December 31, 2013 as compared to the year ended December 31, 2012 , related primarily to relocations of several U.S. based groups.

Employee compensation increased \$ 47.3 million ( 4.0% ) to \$ 1,228.0 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$ 1,180.7 million ). The impact of foreign exchange rate movements offset the increase in employee compensation by \$10.9 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 . After allowing for foreign exchange rate changes, the increase in employee compensation was \$58.2 million. Direct compensation increased \$64.2 million and includes increases in share-based costs of \$22.0 million and other deferred compensation costs of \$12.6 million during the year ended December 31, 2012 when compared to the year ended December 31, 2011 . The increase in share-based and deferred cash compensation costs in 2012 includes the impact of a previous change in our vesting service period from three to four years, which results in 2012 being the first year with four award tranches being expensed, as compared to three award tranches in previous years. The change accounts for approximately \$17.6 million of the increase in share-based and other deferred compensation expense. The increase in deferred cash compensation also includes \$8.1 million from the appreciation of the deferred liability as the return to the employee is linked to specific investments, typically the funds managed by the employee. The remaining increase in share-based and deferred compensation costs reflects the increased use of deferred awards for staff retention purposes. Other changes in direct compensation were an increase in sales commissions of \$16.8 million, a \$2.6 million increase in bonuses linked to performance fee revenues, \$6.3 million increase in base salaries and a \$5.4 million reduction in annual cash bonuses during the year ended December 31, 2012 when compared to the year ended December 31, 2011 . The increase in direct compensation expense was partly offset by decreases in staff benefits and related expense of \$6.1 million that included a \$15.0 million reduction in amortization of prepaid compensation related to the 2006 acquisition of W.L. Ross & Co., which was fully amortized as of September 30, 2011. The reduced amortization expense was partly offset by a \$2.6 million increase in staff medical insurance and a \$4.4 million increase in staff relocation costs during the year ended December 31, 2012 as compared to the year ended December 31, 2011 . Staff related expenses in 2012 included termination costs of \$18.5 million.

Headcount, on a continuing operations basis, at December 31, 2013 was 5,932 (years ended December 31, 2012 and December 31, 2011 : 5,889 and 5,917 respectively). The company had 6,128 and 6,162 employees for the years ended December 31, 2012 and December 31, 2011 , respectively, including employees of Atlantic Trust.

#### *Third-Party Distribution, Service and Advisory Expenses*

Third-party distribution, service and advisory expenses are discussed above in the operating and net revenues section.



*Marketing*

Marketing expenses include the cost of direct advertising of our products through trade publications, television and other media, and public relations costs, such as the marketing of the company's products through conferences or other sponsorships, and the cost of marketing-related employee travel.

Marketing expenses decreased by \$3.6 million ( 3.5% ) in the year ended December 31, 2013 to \$98.6 million (year ended December 31, 2012 : \$102.2 million ). Excluding the impact of foreign exchange rate movements of \$0.7 million , the decrease in marketing expenses was \$2.9 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012 .

The decrease during the year ended December 31, 2013 includes decreases in sales literature and research of \$1.7 million, marketing travel and entertainment expenses of \$1.7 million, other marketing costs of \$1.7 million and corporate sponsorships of \$0.7 million. These were offset by increases in client event expenses of \$2.5 million, driven by advertising campaigns as we focused on specific product awareness, and advertising expense increases of \$0.4 million compared to the year ended December 31, 2012 , which includes \$2.0 million of fourth-quarter 2013 advertising costs related to new product launches.

Marketing expenses increased by \$ 16.9 million ( 19.8% ) in the year ended December 31, 2012 to \$ 102.2 million (year ended December 31, 2011 : \$ 85.3 million ). The impact of foreign exchange rate movements offset the increase in marketing expenses by \$1.1 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 . After allowing for foreign exchange rate changes, the increase in marketing expenses was \$18.0 million. Marketing expenses in 2011 included a \$13.4 million expense credit as a result of the termination of the company's sponsorship and naming rights commitments related to a sports stadium in Denver, Colorado. Other marketing expenses increases were advertising expense of \$4.7 million, client event expenses of \$3.2 million, sales literature and research of \$1.2 million and other marketing costs of \$1.2 million as compared to the year ended December 31, 2011 .

*Property, Office and Technology*

Property, office and technology expenses include rent and utilities for our various leased facilities, depreciation of company-owned property, capitalized software and computer equipment costs, minor non-capitalized computer equipment and software purchases and related maintenance payments, and costs related to externally provided operations, technology, and other back office management services.

Property, office and technology costs increased by \$27.7 million ( 10.4% ) to \$292.8 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$265.1 million ). The impact of foreign exchange rate movements offset the increase in property, office and technology expenses by \$3.7 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012 . After allowing for foreign exchange rate movements, the increase was \$31.4 million.

Property and office costs decreased \$0.8 million compared to 2012 , due to decreases in rent expense of \$2.6 million, \$0.8 million in operating service and property management fees, other property costs of \$0.7 million and property lease decreases of \$0.1 million. This was partially offset by increases in depreciation of \$3.4 million. The decrease in rent expense is, in part, due to a prior year \$1.7 million exit charge for leased space related to consolidation of office space. The depreciation increase includes charges for lease exits in Canada and a full year of depreciation on renovations in the Houston and Toronto offices completed during the prior year.

Technology and communications expenses increased \$32.2 million over the comparable 2012 period. The increase includes increased outsourced administration costs of \$15.1 million as the current year reflects the U.K. and the European transfer agency transitions to a third party provider, which were completed mid-2013. The increase also includes a charge of \$11.7 million in 2013 related to the write-off of capitalized IT software development costs, together with increased depreciation expenses of \$6.3 million from an ongoing investment in portfolio management and client engagement technology initiatives.

Property, office and technology costs increased by \$ 22.2 million ( 9.1% ) to \$265.1 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$242.9 million ). The impact of foreign exchange rate movements offset the increase in property, office and technology expenses by \$2.5 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 . After allowing for foreign exchange rate movements, the increase is \$24.7 million. Property and office expenses increased \$6.6 million over the comparable 2011 period, due to an increase of \$4.3 million in depreciation expense and \$3.2 million in rent expense. The depreciation increase is largely attributable to leasehold improvements as both our Houston and Toronto offices renovated leased space during 2012. This was partially offset by a decrease of \$0.8 million in operating service and property

management fees. The increase in rent expense included a \$1.7 million exit charge for leased space, related to consolidation of office space.

Technology and communications expenses increased \$18.0 million in 2012 over the comparable 2011 period. The increase reflects an ongoing investment in portfolio management and client engagement technology initiatives that resulted in increases in software and hardware expenses of \$9.4 million, together with increased outsourced administration costs of \$7.3 million as the U.K and European transfer agency transitions to a third party provider. At December 31, 2012, the U.K. transfer agency outsourcing was complete, and the European outsourcing was completed in mid-2013.

#### *General and Administrative*

General and administrative expenses include professional services costs, such as information service subscriptions, consulting fees, professional insurance costs, audit, tax and legal fees, non-marketing related employee travel expenditures, recruitment and training costs, and the amortization of certain intangible assets.

General and administrative expenses increased by \$15.2 million ( 5.1% ) to \$311.3 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$296.1 million ). The impact of foreign exchange rate movements offset the increase in general and administrative expenses by \$3.7 million during the year ended December 31, 2013 as compared to the year ended December 31, 2012 . After allowing for foreign exchange rate movements, the increase was \$18.9 million.

The increase in general and administrative expense is primarily due to higher professional services, contractor and legal costs of \$19.2 million, including increased costs relating to regulatory-driven activity in the U.K., costs to develop the compliance and risk management support functions across Europe and costs associated with new product development. Other increases include \$5.5 million of travel expenses, \$2.6 million of value added taxes (VAT) and \$2.5 million of information services. These other increases are offset by a \$9.2 million decrease in intangible amortization expense and a \$1.9 million reduction in foreign exchange settlement costs. The decrease in intangible amortization in 2013 reflects the completion in mid-2012 of amortization of brand intangibles related an acquired business.

General and administrative expenses increased by \$13.6 million ( 4.8% ) to \$296.1 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$ 282.5 million ). The increase in general and administrative expense is largely due to increased expenses of our CIP which includes increases in legal and fund launch costs, of \$18.5 million. General and administrative expenses also include acquisition related contingent consideration adjustments with a \$2.3 million credit in 2012 compared to a \$13.2 million credit in 2011. The reduction in the amounts credited in 2012 versus 2011 resulted in an increase in general and administrative expenses of \$10.9 million in 2012. Offsetting these expense increases was a \$10.3 million decrease in intangible amortization expense and a \$5.2 million reduction in mutual fund expenses. The decrease in intangible amortization in 2012 reflects the write down of certain management contract intangibles in 2011 and the completion in mid-2012 of amortization of brand intangibles related to the acquired business. The impact of foreign exchange rate movements offset the increase in general and administrative expenses by \$2.3 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011 .

#### *Transaction and integration*

Transaction and integration expenses include acquisition-related charges incurred during the periods to effect a business combination, including 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. Additionally, transaction and integration expenses include legal costs related to the defense of legal challenges to auction rate preferred securities redemptions with respect to various closed-end funds included in the acquisition. See Item 8, Financial Statements and Supplementary Data - Note 18, "Commitments and Contingencies" for additional information.

Transaction and integration charges were \$3.2 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$8.2 million ) and largely relate to the business acquired in 2010. Transaction and integration expenses during the year ended December 31, 2013 primarily relate to fund mergers and include professional services and shareholder communications costs. These costs ceased in the first half of 2013.

Transaction and integration charges were \$8.2 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$ 29.4 million ) and largely relate to the business acquired in 2010. Transaction and integration expenses during the year ended December 31, 2012 primarily relate to the final round of open-ended fund mergers and include professional services and shareholder communications costs, as well as updates in sales literature.

### *Operating Income, Adjusted Operating Income, Operating Margin and Adjusted Operating Margin*

Operating income increased by \$277.6 million ( 32.9% ) to \$1,120.2 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$842.6 million ). Operating margin (operating income divided by operating revenues), increased to 24.1% in the year ended December 31, 2013 from 20.8% in the year ended December 31, 2012 . The increase in operating income and margin resulted from a greater relative increase in operating revenues ( 14.7% ) than in operating expenses ( 9.9% ) during the period. Adjusted operating income, increased by \$280.0 million ( 27.7% ) to \$1,292.1 million in the year ended December 31, 2013 from \$1,012.1 million in the year ended December 31, 2012 . Adjusted operating margin increased to 39.7% in the year ended December 31, 2013 from 35.7% in the year ended December 31, 2012 . See “Schedule of Non-GAAP Information” for a reconciliation of operating revenues to net revenues, a reconciliation of operating income to adjusted operating income and additional important disclosures regarding net revenues, adjusted operating income and adjusted operating margin.

Operating income decreased by \$ 39.5 million (4.5)% to \$ 842.6 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$ 882.1 million ). Operating margin (operating income divided by operating revenues), decreased to 20.8% in the year ended December 31, 2012 from 22.2% in the year ended December 31, 2011 . The decrease in operating income and margin resulted from a lower relative increase in operating revenues ( 1.6% ) than in operating expenses ( 3.5% ) during the period. Adjusted operating income decreased by \$34.1 million ( 3.3% ) to \$1,012.1 million in the year ended December 31, 2012 from \$1,046.2 million in the year ended December 31, 2011 . Adjusted operating margin decreased to 35.7% in the year ended December 31, 2012 from 37.5% in the year ended December 31, 2011 .

### *Other Income and Expenses*

The main categories of other income and expenses, and the dollar and percentage changes between periods are as follows:

| \$ in millions                                  | Years ended December 31, |         |         | Variance     |          |              |          |
|---|--------------------------|---------|---------|--------------|----------|--------------|----------|
|   |                          |         |         | 2013 vs 2012 |          | 2012 vs 2011 |          |
|   | 2013                     | 2012    | 2011    | \$ Change    | % Change | \$ Change    | % Change |
| Equity in earnings of unconsolidated affiliates | 35.5                     | 29.7    | 30.5    | 5.8          | 19.5 %   | (0.8)        | (2.6)%   |
| Interest and dividend income                    | 10.0                     | 9.8     | 11.0    | 0.2          | 2.0 %    | (1.2)        | (10.9)%  |
| Interest expense                                | (44.6)                   | (52.3)  | (61.8)  | 7.7          | (14.7)%  | 9.5          | (15.4)%  |
| Other gains and losses, net                     | 2.6                      | 8.3     | 49.0    | (5.7)        | (68.7)%  | (40.7)       | (83.1)%  |
| Other income/(loss) of CSIP, net                | 2.9                      | —       | —       | 2.9          | N/A      | —            | N/A      |
| Other income and expenses of CIP:               |                          |         |         |              |          |              |          |
| Interest and dividend income of CIP             | 190.0                    | 258.5   | 307.2   | (68.5)       | (26.5)%  | (48.7)       | (15.9)%  |
| Interest expense of CIP                         | (123.3)                  | (168.3) | (187.0) | 45.0         | (26.7)%  | 18.7         | (10.0)%  |
| Other gains/(losses) of CIP, net                | 61.9                     | (97.7)  | (138.9) | 159.6        | N/A      | 41.2         | (29.7)%  |
| Total other income and expenses                 | 135.0                    | (12.0)  | 10.0    | 147.0        | N/A      | (22.0)       | N/A      |

### *Equity in earnings of unconsolidated affiliates*

Equity in earnings of unconsolidated affiliates increased by \$5.8 million ( 19.5% ) to \$35.5 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$29.7 million ). The increase in equity in earnings is driven by net increases in our share of the market-driven valuation increases in the underlying holdings of \$8.5 million in our private equity partnership investments and \$0.7 million in our real estate partnership investments, offset by decreases of the same nature of \$1.9 million in our investment in Invesco Mortgage Capital Inc. and \$1.5 million in certain other partnerships.

Equity in earnings of unconsolidated affiliates decreased by \$0.8 million (2.6%) to \$29.7 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$30.5 million). The decrease in equity in earnings is driven by the declines in our pre-tax earnings from our joint venture investments in China of \$3.4 million, offset by the increase of \$2.6 million in our share of the market-driven valuation changes in the underlying holdings of certain partnership investments, which includes our investment in Invesco Mortgage Capital Inc.

*Interest and dividend income and interest expense*

Interest and dividend income increased by \$0.2 million ( 2.0% ) to \$10.0 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$9.8 million ).

Interest expense decreased by \$7.7 million (14.7)% to \$44.6 million in the year ended December 31, 2013 (year ended December 31, 2012 : \$52.3 million ) primarily due to the changes in long-term financing arrangements made during 2012 which lowered the overall borrowing costs versus the comparative period.

Interest and dividend income decreased by \$1.2 million (10.9%) to \$9.8 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$11.0 million). The decrease in interest and dividend income is largely due to a decrease in investment income and interest earned on cash and cash equivalents of \$1.1 million. The remaining \$0.1 million decrease is due to a reduction of dividend income on investments held to hedge economically deferred compensation plans. This dividend income is passed through to employee participants in the deferred compensation plans.

Interest expense decreased by \$9.5 million (15.4%) to \$52.3 million in the year ended December 31, 2012 (year ended December 31, 2011 : \$61.8 million) primarily due to the retirement of the \$215.1 million 5.625% senior notes in April 2012. Lower borrowing costs versus the comparative period also contributed to lower interest for the period.

*Other gains and losses, net*

Other gains and losses, net were a net gain of \$2.6 million in the year ended December 31, 2013 as compared to a net gain of \$8.3 million in the year ended December 31, 2012 . Included within other gains and losses, net in the year ended December 31, 2013 is a net gain of \$38.5 million resulting from the appreciation of investments held for our deferred compensation plans and net realized gains from available for sale and other investments of \$5.0 million. These gains were offset by a realized loss of \$6.6 million on the liquidation of a co-investment and sale of other securities together with a loss of \$31.9 million recorded for a payment to a managed investment trust which resulted in the subsequent termination of an outstanding support agreement. A net loss of \$1.8 million was also recorded in 2013 related to the mark-to-market of foreign exchange put option contracts intended to provide protection against the impact of a significant decline in the Pound Sterling/U.S Dollar foreign exchange rate. In the year ended December 31, 2013 , we experienced \$ 0.6 million in net foreign exchange losses (year ended December 31, 2012 : \$0.3 million in net foreign exchange gains) on the revaluation of intercompany foreign currency denominated loans into the various functional currencies of our subsidiaries. See Item 8, Financial Statements and Supplementary Data, - Note 14 , "Other Gains and Losses, Net" for additional information.

Other gains and losses, net were a net gain of \$8.3 million in the year ended December 31, 2012 as compared to a net gain of \$49.0 million in the year ended December 31, 2011 . Included within other gains and losses in the year ended December 31, 2012 is a net gain of \$19.7 million resulting from the appreciation of investments held for our deferred compensation plans, a gain on the sale of CLO management contracts of \$8.3 million, net realized gains from seed and other investments of \$5.0 million and a \$3.7 million gain on an acquisition-related loan note held to hedge the company's net interest in certain consolidated investment products. These gains were offset by a fourth-quarter charge of \$23.5 million related to the call premiums on the redemption of the \$333.5 million principal amount of 5.375% senior notes due February 27, 2013 and the \$197.1 million principal amount of the 5.375% senior notes due December 15, 2014. A net loss of \$2.5 million was also recorded in 2012 related to the mark-to-market of 12-month foreign exchange put option contracts intended to provide protection against the impact of a significant decline in the Pound Sterling/U.S Dollar foreign exchange rate. We incurred \$0.8 million in other-than-temporary impairment charges related to seed money investments during the year ended December 31, 2012 (year ended December 31, 2011: \$0.9 million) and an impairment charge of \$1.9 million related to a cost method investment. In the year ended December 31, 2012, we experienced \$0.3 million in net foreign exchange gains (year ended December 31, 2011: \$0.6 million in net foreign exchange losses) on the revaluation of intercompany foreign currency denominated loans into the various functional currencies of our subsidiaries. In 2011, other gains and losses included a credit of \$45.0 million related to the settlement of litigation arising from the 2007 departure of certain investment professionals to a competitor.

*Other income/(loss) of CSIP*

In the year ended December 31, 2013, other income/(loss) of CSIP, net totaled \$ 2.9 million in income and consists of \$0.9 million of interest and dividend income and other gains of \$2.0 million. CSIP products were initially consolidated in the third quarter of 2013. See Item 8, Financial Statements and Supplementary Data - Notes 1 , "Accounting Policies" and 19 , "Consolidated Sponsored Investment Products," for additional details.

*Non-operating income and expense of CIP*

Interest income of CIP results from interest generated by the collateral assets held by consolidated CLOs, which is used to satisfy the interest expenses of the notes issued by the consolidated CLOs and other CLO operating expense requirements, including the payment of the management and performance fees to the company as investment manager. See Item 8, Financial Statements and Supplementary Data - Note 20, "Consolidated Investment Products," for additional details.

In the year ended December 31, 2013, interest and dividend income of CIP decreased by \$68.5 million (26.5%) to \$190.0 million (year ended December 31, 2012: \$258.5 million) primarily due to the impact of the third quarter 2012 sale of our management agreements and equity interests in certain CLOs. Interest expense of CIP decreased by \$45.0 million (26.7%) to \$123.3 million (year ended December 31, 2012: \$168.3 million), also primarily due to the impact of the third quarter 2012 sale of our management agreements and equity interests in certain CLOs.

Included in other gains/(losses) of CIP, net, are realized and unrealized gains and losses on the underlying investments and debt of CIP. In the year ended December 31, 2013, other gains and losses of CIP were a net gain of \$61.9 million, as compared to a net loss of \$97.7 million in the year ended December 31, 2012. The net gain in the 2013 period is primarily associated with an increase in market value of CLO and private equity investments exceeding losses associated with the increase in market value of the long-term debt of CLOs.

In the year ended December 31, 2012, interest income of CIP decreased by \$48.7 million (15.9%) to \$258.5 million (year ended December 31, 2011: \$307.2 million) primarily due to the deconsolidation of certain CLO products in the year, as well as the impact of certain CLOs entering their amortization period. Interest expense of CIP decreased by \$18.7 million (10.0%) to \$168.3 million (year ended December 31, 2011: \$187.0 million) primarily due to CLO deconsolidation. Upon deconsolidation, the operating activities of the managed fund no longer gross up the Consolidated Statements of Income.

In the year ended December 31, 2012 other gains and losses of CIP were a net loss of \$97.7 million, as compared to a net loss of \$138.9 million in the year ended December 31, 2011. The net loss in the 2012 period is primarily associated with real estate investments and increases in the market values of the long-term debt of CLOs that more than offset gains in the market values of investments held by CLOs.

*Net impact of CIP and related noncontrolling interests in consolidated entities*

As illustrated in the Summary of Income Statement Impact of CIP table at the beginning of this Results of Operations section, the consolidation of investment products during the year ended December 31, 2013 resulted in an increase to net income of \$36.0 million before attribution to noncontrolling interests. Invesco invests in only a portion of these products, and as a result this net gain is offset by noncontrolling interests of \$44.7 million, resulting in a net decrease in net income of the company of \$8.7 million.

The consolidation of investment products during the year ended December 31, 2012 resulted in a decrease to net income of \$100.5 million before attribution to noncontrolling interests. This net loss is offset by noncontrolling interests of \$89.8 million, resulting in a net decrease in net income of the company of \$10.7 million.

The consolidation of investment products during the year ended December 31, 2011 resulted in a decrease to net income of \$87.4 million before attribution to noncontrolling interests. This net loss is offset by noncontrolling interests of \$107.6 million, resulting in a net increase in net income of the company of \$20.2 million.

Noncontrolling interests in consolidated entities represent the profit or loss amounts attributed to third party investors in CIP. Movements in amounts attributable to noncontrolling interests in consolidated entities on the company's Consolidated Statements of Income generally offset the gains and losses, interest income and interest expense of CIP.

Additionally, CIP represent less than 1% of the company's AUM. Therefore, the net gains or losses of CIP are not indicative of the performance of the company's aggregate assets under management.

*Income Before Taxes*

Total income before taxes includes income before taxes of CIP. CIP are taxed at the investor level and not at the product entity level; therefore, there is no tax provision reflected in the net impact of CIP. Accordingly, the table included in Item 8. Financial Statements and Supplementary Data, Note 15 , "Taxation," illustrating the division of income/(losses) before taxes between U.S. and Foreign is formatted such that the income before taxes of CIP is separately stated. The commentary below discusses disparities between U.S. and Foreign income before taxes in the Taxation footnote and U.S. and Foreign operating revenues in Item 8. Financial Statements and Supplementary Data, Note 17 , "Geographic Information."

Total U.S. income before taxes of \$598.3 million for the year ended December 31, 2013 includes income before taxes of CIP of \$45.2 million , which primarily consists of income from consolidated private equity partnerships. U.S. income before taxes from CIP decreased \$14.5 million ( 24.3% ) from 2012 due primarily to lower investment gains generated by these private equity partnerships. Excluding CIP, U.S. income before taxes in 2013 increased \$96.5 million ( 21.1% ). Income before taxes in 2013 increased due to a larger increase in U.S. operating revenues (12.8%) than operating expenses and other income and expenses (9.8%).

Total Foreign income before taxes of \$656.9 million for the year ended December 31, 2013 includes losses before taxes of CIP of \$9.2 million , which primarily consists of losses from consolidated CLOs. Foreign CIP pre-tax losses totaled \$9.2 million in 2013 compared to pre-tax losses of \$160.2 million in 2012 primarily due to lower losses on investments held by the Company's consolidated CLOs in 2013 and the third quarter 2012 sale of our management agreements and equity interests in certain CLOs. Excluding CIP, foreign income before taxes increased by \$191.6 million ( 40.4% ). Foreign income in 2013 increased more significantly than the 16.2% increase in foreign operating revenues due to decreased foreign expenses incurred in 2013 , such as the \$15.3 million additional distribution fee recorded in 2012 in the U.K., as discussed above, and the completion of the outsourcing of the European transfer agency and related expenses.

Total U.S. income before taxes of \$516.3 million for the year ended December 31, 2012 ( December 31, 2011 : \$563.4 million ) includes income before taxes of CIP of \$59.7 million ( December 31, 2011 : \$93.0 million ). U.S. income before taxes of CIP primarily consists of income from consolidated private equity partnerships and for the year ended December 31, 2012 , was a decrease of \$33.3 million ( 35.8% ) from 2011 due primarily to lower gains generated by these private equity partnerships. Excluding CIP, U.S. income before taxes in 2012 decrease d \$ 13.8 million ( 2.9% ). Income before taxes in 2012 had a small decrease, contrary to the 4.3% increase in U.S. operating revenues, due primarily to a legal settlement gain recognized in 2011.

Total Foreign income before taxes of \$314.3 million for the year ended December 31, 2012 ( December 31, 2011 : \$328.7 million ) includes losses before taxes of CIP of \$160.2 million ( December 31, 2011 : income before taxes of CIP of \$180.4 million ). Foreign income in 2012 decreased more significantly than the 0.8% decrease in Foreign operating revenues during the period due to increased foreign expenses incurred in 2012, such as the \$15.3 million additional distribution fee recorded in the U.K., as discussed above, and expenses incurred in connection with the outsourcing of the European transfer agency.

*Income Tax Expense*

Our effective tax rate for the year ended December 31, 2013 decreased to 26.8% (year ended December 31, 2012 : 31.5% ) primarily due to income in non-controlling interests in 2013 versus losses in 2012 . The inclusion of non-controlling interests decreased our effective tax rate by 0.9% in 2013 and increased our rate 3.1% in 2012 . The remainder of the rate movement was primarily due to changes in the mix of pre-tax income.

Our effective tax rate for the year ended December 31, 2012 increased to 31.5% (year ended December 31, 2011 : 31.4% ) due to a smaller impact from losses in non-controlling interests in 2012 versus income in 2011 . The inclusion of non-controlling interests in consolidated entities increased our effective tax rate by 3.1% in 2012 and 3.4% in 2011 . The remainder of the rate movement was primarily due to changes in the mix of pre-tax income. The 2011 rate reflects a favorable impact from the release of provisions for uncertain tax positions as a result of the statute of limitation closing.

*Income from Discontinued Operations*

On December 31, 2013, the company completed the sale of Atlantic Trust. The operating results and the gain associated with the sale are reflected as discontinued operations in the Consolidated Statements of Income and are therefore excluded from the continuing operations of Invesco. Comparative periods shown in the Consolidated Statements of Income have been adjusted to conform with this presentation. See Item 8. Financial Statements and Supplementary Data, Note 23 , "Discontinued Operations."

**Schedule of Non-GAAP Information**

We are presenting the following non-GAAP performance measures: net revenue (and by calculation, net revenue yield on AUM), adjusted operating income (and by calculation, adjusted operating margin), adjusted net income attributable to common shareholders (and by calculation, adjusted diluted earnings per share (EPS)). We believe these non-GAAP measures provide greater transparency into our business on an ongoing operations basis and allow more appropriate comparisons with industry peers. Management uses these performance measures to evaluate the business, and they are consistent with internal management reporting. The most directly comparable U.S. GAAP measures are operating revenues (and by calculation, gross revenue yield on AUM), operating income (and by calculation, operating margin), net income (and by calculation, diluted EPS). Each of these measures is discussed more fully below.

These non-GAAP measures should not be considered as substitutes for any measures derived in accordance with U.S. GAAP and may not be comparable to other similarly titled measures of other companies. Additional reconciling items may be added in the future to these non-GAAP measures if deemed appropriate. The tax effect related to reconciling items that are presented net of tax have been calculated based on the tax rate attributable to the jurisdiction to which the transaction relates.

The following are reconciliations of operating revenues, operating income (and by calculation, operating margin), and net income attributable to common shareholders (and by calculation, diluted EPS) on a U.S. GAAP basis to net revenues, adjusted operating income (and by calculation, adjusted operating margin), and adjusted net income attributable to common shareholders (and by calculation, adjusted diluted EPS). Notes to the reconciliations follow the tables.

**Reconciliation of Operating revenues to Net revenues:**

| <b>\$ in millions</b>   | <b>2013</b>    | <b>2012</b>    | <b>2011</b>    | <b>2010</b>    | <b>2009</b>    |
|---|----------------|----------------|----------------|----------------|----------------|
| Operating revenues, U.S. GAAP basis   | 4,644.6        | 4,050.4        | 3,982.3        | 3,385.9        | 2,544.8        |
| Proportional share of revenues, net of third-party distribution expenses, from joint venture investments <sup>(1)</sup> | 51.7           | 37.5           | 41.4           | 42.2           | 44.7           |
| Third party distribution, service and advisory expenses <sup>(2)</sup>  | (1,489.2)      | (1,308.2)      | (1,279.4)      | (1,051.0)      | (734.8)        |
| CIP <sup>(3)</sup>  | 37.9           | 41.0           | 47.3           | 45.0           | 6.0            |
| Other reconciling items <sup>(6)</sup>  | 7.0            | 15.3           | —              | —              | —              |
| Net revenues  | <u>3,252.0</u> | <u>2,836.0</u> | <u>2,791.6</u> | <u>2,422.1</u> | <u>1,860.7</u> |

**Reconciliation of Operating income to Adjusted operating income:**

| <b>\$ in millions</b>   | <b>2013</b>    | <b>2012</b>    | <b>2011</b>    | <b>2010</b>  | <b>2009</b>  |
|---|----------------|----------------|----------------|--------------|--------------|
| Operating income, U.S. GAAP basis   | 1,120.2        | 842.6          | 882.1          | 579.4        | 485.6        |
| Proportional share of revenues, net of third-party distribution expenses, from joint venture investments <sup>(1)</sup> | 21.3           | 15.7           | 19.2           | 22.9         | 28.4         |
| CIP <sup>(3)</sup>  | 73.0           | 72.5           | 60.3           | 54.9         | 9.5          |
| Acquisition/disposition related adjustments <sup>(4)</sup>  | 23.0           | 31.4           | 66.7           | 188.0        | 34.9         |
| Compensation expense related to market valuation changes in deferred compensation plans <sup>(5)</sup>                  | 25.1           | 14.3           | 5.8            | 9.3          | —            |
| Other reconciling items <sup>(6)</sup>  | 29.5           | 35.6           | 12.1           | 24.2         | —            |
| Adjusted operating income   | <u>1,292.1</u> | <u>1,012.1</u> | <u>1,046.2</u> | <u>878.7</u> | <u>558.4</u> |
| Operating margin*   | 24.1%          | 20.8%          | 22.2%          | 17.1%        | 19.1%        |
| Adjusted operating margin**   | 39.7%          | 35.7%          | 37.5%          | 36.3%        | 30.0%        |

**Reconciliation of Net income attributable to common shareholders to Adjusted net income attributable to common shareholders:**

| In millions, except per share data   | 2013         | 2012         | 2011         | 2010         | 2009         |
|--|--------------|--------------|--------------|--------------|--------------|
| Net income attributable to common shareholders, U.S. GAAP basis  | 940.3        | 677.1        | 729.7        | 465.7        | 322.5        |
| CIP, eliminated upon consolidation <sup>(3)</sup>  | 8.7          | 10.7         | (20.2)       | (6.8)        | —            |
| Acquisition/disposition related adjustments, net of tax <sup>(4)</sup>   | (23.8)       | 21.9         | 62.3         | 148.1        | 41.8         |
| Deferred compensation plan market valuation changes and dividend income less compensation expense, net of tax <sup>(5)</sup> | (12.6)       | (7.4)        | 2.5          | (5.3)        | —            |
| Other reconciling items, net of tax <sup>(6)</sup>   | 40.7         | 46.3         | (15.2)       | 17.0         | —            |
| Adjusted net income attributable to common shareholders  | <u>953.3</u> | <u>748.6</u> | <u>759.1</u> | <u>618.7</u> | <u>364.3</u> |
| Average shares outstanding - diluted   | 448.5        | 453.8        | 464.7        | 463.2        | 423.6        |
| Diluted EPS  | \$2.10       | \$1.49       | \$1.57       | \$1.01       | \$0.76       |
| Adjusted diluted EPS***  | \$2.13       | \$1.65       | \$1.63       | \$1.34       | \$0.86       |

\* Operating margin is equal to operating income divided by operating revenues.

\*\* Adjusted operating margin is equal to adjusted operating income divided by net revenues.

\*\*\* Adjusted diluted EPS is equal to adjusted net income attributable to common shareholders divided by the weighted average shares outstanding amount used in the calculation of diluted EPS.

(1) *Proportional share of net revenues and operating income from joint venture investments*

The company has two joint venture investments in China. The Invesco Great Wall joint venture is one of the largest Sino-foreign managers of equity products in China, with AUM of approximately \$10.1 billion as of December 31, 2013. The company has a 49% interest in Invesco Great Wall. The company also has a 50% joint venture with Huaneng Capital Services to access private equity investment opportunities in power generation in China through Huaneng Invesco WLR Investment Consulting Company Ltd. Enhancing our operations in China is one effort that we believe could improve our competitive position over time. Accordingly, we believe that it is appropriate to evaluate the contribution of our joint venture investments to the operations of the business.

Management believes that the addition of our proportional share of revenues, net of distribution expenses, from our Chinese joint venture investments in the computation of net revenues and the addition of our proportional share of operating income in the related computations of adjusted operating income and adjusted operating margin also provide useful information to investors and other users of the company's Consolidated Financial Statements, as management considers it appropriate to evaluate the contribution of its joint ventures to the operations of the business. It is also consistent with the presentation of AUM and net flows (where our proportional share of the ending balances and related activity are reflected) and therefore provides a more meaningful calculation of net revenue yield on AUM.

(2) *Third-party distribution, service and advisory expenses*

Third-party distribution, service and advisory expenses include renewal commissions, management fee rebates and distribution costs (12b-1 and marketing support) paid to brokers and independent financial advisors. See Item 8, Financial Statements and Supplementary Data - Note 1, "Accounting Policies - Revenue Recognition" for additional details. While the terms used for these types of expenses vary by geography, they are all expense items that are closely linked to the value of AUM and the revenue earned by Invesco from AUM. Since the company has been deemed to be the principal in the third-party arrangements, the company must reflect these expenses gross of operating revenues under U.S. GAAP.

Management believes that the deduction of third-party distribution, service and advisory expenses from operating revenues in the computation of net revenues (and by calculation, net revenue yield on AUM) and the related computation of adjusted operating income (and by calculation, adjusted operating margin) appropriately reflects the nature of these expenses as revenue-sharing activities, as these costs are passed through to external parties who perform functions on behalf of, and distribute, the company's managed funds. Further, these expenses vary extensively by geography due to the differences in distribution channels. The net presentation assists in identifying the revenue contribution generated by the business, removing distortions caused by the differing distribution channel fees and allowing for a fair comparison with U.S. peer investment managers and within Invesco's own investment units. Additionally, management evaluates net revenue yield



on AUM, which is equal to net revenues divided by average AUM during the reporting period. This financial measure is an indicator of the basis point net revenues we receive for each dollar of AUM we manage and is useful when evaluating the company's performance relative to industry competitors and within the company for capital allocation purposes.

(3) *CIP*

See Item 8, Financial Statements and Supplementary Data, Note 20 - "Consolidated Investment Products" for a detailed analysis of the impact to the company's Consolidated Financial Statements from the consolidation of CIP. The reconciling items add back the management and performance fees earned by Invesco from the consolidated products and remove the revenues and expenses recorded by the consolidated products that have been included in the U.S. GAAP Consolidated Statements of Income.

Management believes that the consolidation of investment products may impact a reader's analysis of our underlying results of operations and could result in investor confusion or the production of information about the company by analysts or external credit rating agencies that is not reflective of the underlying results of operations and financial condition of the company. Accordingly, management believes that it is appropriate to adjust operating revenues, operating income and net income for the impact of CIP in calculating the respective net revenues, adjusted operating income and adjusted net income.

**CIP Revenue:**

| <b>\$ in millions, except per share data</b>                    | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Management fees earned from CIP, eliminated upon consolidation  | 27.0        | 38.6        | 46.8        | 45.3        | 8.0         |
| Performance fees earned from CIP, eliminated upon consolidation | 11.3        | 2.4         | 0.5         | —           | —           |
| Other revenues recorded by CIP                                  | (0.4)       | —           | —           | (0.3)       | (2.0)       |
| CIP related adjustments in arriving at net revenues             | <u>37.9</u> | <u>41.0</u> | <u>47.3</u> | <u>45.0</u> | <u>6.0</u>  |

(4) *Acquisition/disposition related adjustments*

Acquisition/disposition related adjustments include transaction and integration expenses, costs related to legal settlements of pre-acquisition matters, intangible asset amortization, including amortization related to the write-off of related management contract intangible assets, changes in estimates of contingent earn-out liabilities booked from prior acquisitions, employee severance expenses associated with the cessation of activities related to a previous acquisition, amortization of prepaid compensation related to the 2006 acquisition of W.L. Ross & Co., tax cash flow benefits resulting from tax amortization of goodwill and indefinite-lived intangible assets, and all related tax effects.

While finite-lived intangible assets are amortized under U.S. GAAP, there is no amortization charge on goodwill and indefinite-lived intangibles. In certain qualifying situations, these can be amortized for tax purposes, generally over a 15-year period, as is the case in the U.S. These cash flows (in the form of reduced taxes payable) represent tax benefits that are not included in the Consolidated Statements of Income absent an impairment charge or the disposal of the related business. The company receives these cash flow benefits but does not anticipate a sale or impairment of these assets in the foreseeable future, and therefore the deferred tax liability recognized under U.S. GAAP is not expected to be used either through a credit in the Consolidated Statements of Income or through settlement of tax obligations.

In addition, the results of the discontinued operations of Atlantic Trust have been excluded in arriving at adjusted net income attributable to common shareholders, which is the basis of calculating adjusted diluted EPS. Accordingly, the company's non-GAAP financial measures reflect only the continuing business of Invesco. Management believes this presentation assists in evaluating the ongoing business performance and aids comparability with peer companies that may not have similar discontinued operations.

Transaction and integration expenses reflect the legal, regulatory, advisory, valuation, integration-related employee incentive awards and other professional or consulting fees, general and administrative costs, including travel costs related to transactions and the costs of temporary staff involved in executing the transaction, and the 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 legal challenges to auction rate preferred securities redemptions with respect to various closed-end funds included in a prior acquisition. See Item 8, Financial Statements and Supplementary Data, Note 18 - "Commitments and Contingencies" for additional information related to this matter.

Management believes it is useful to investors and other users of our Consolidated Financial Statements to adjust for the transaction and integration charges, tax cash flow benefits and other acquisition/disposition related adjustments, as noted above, in arriving at adjusted operating income, adjusted operating margin and adjusted diluted EPS, as this will aid comparability of our results period to period, and aid comparability with peer companies that may not have similar acquisition and disposition related charges.

See table below for a reconciliation of acquisition/disposition related items:

| \$ in millions  | 2013   | 2012   | 2011   | 2010   | 2009  |
|---|--------|--------|--------|--------|-------|
| <b>Acquisition/disposition related:</b>                       |        |        |        |        |       |
| Employee compensation expense                                 | 2.4    | —      | 15.0   | 20.0   | 20.0  |
| Transaction and integration expense                           | 3.2    | 8.2    | 29.4   | 150.0  | 10.8  |
| Intangible amortization expense                               | 15.4   | 25.5   | 35.5   | 21.8   | 4.1   |
| Change in contingent consideration estimates                  | —      | (2.3)  | (13.2) | (3.8)  | —     |
| Other acquisition-related item                                | 2.0    | —      | —      | —      | —     |
| Adjustments to operating income                               | 23.0   | 31.4   | 66.7   | 188.0  | 34.9  |
| Gain on sale of CLO management contracts                      | —      | (8.3)  | —      | —      | —     |
| <b>Taxation:</b>  |        |        |        |        |       |
| Taxation on transaction and integration                       | (1.3)  | (3.1)  | (11.2) | (46.9) | (1.9) |
| Taxation on amortization                                      | (1.5)  | (2.6)  | (4.4)  | (2.9)  | (0.3) |
| Deferred taxation   | 21.3   | 20.1   | 21.1   | 15.2   | 8.3   |
| Taxation on change in contingent consideration estimates      | —      | —      | —      | 1.3    | —     |
| Taxation on gain on sale of CLO management contracts          | —      | 2.5    | —      | —      | —     |
| Taxation on other acquisition-related items                   | (0.8)  | —      | —      | —      | —     |
| (Income)/loss from discontinued operations, net of taxes      | (64.5) | (18.1) | (9.9)  | (6.6)  | 0.8   |
| Adjustments to net income attributable to common shareholders | (23.8) | 21.9   | 62.3   | 148.1  | 41.8  |

(5) *Market movement on deferred compensation plan liabilities*

Certain deferred compensation plan awards involve a return to the employee linked to the appreciation (depreciation) of specified investments, typically the funds managed by the employee. Invesco hedges economically the exposure to market movements by holding these investments on its balance sheet. U.S. GAAP requires the appreciation (depreciation) in the compensation liability to be expensed over the award vesting period in proportion to the vested amount of the award as part of compensation expense. The full value of the investment appreciation (depreciation) is immediately recorded below operating income in other gains and losses. This creates a timing difference between the recognition of the compensation expense and the investment gain or loss impacting net income attributable to common shareholders and diluted EPS which will reverse over the life of the award and net to zero at the end of the multi-year vesting period. During periods of high market volatility these timing differences impact compensation expense, operating income and operating margin in a manner which, over the life of the award, will ultimately be offset by gains and losses recorded below operating income on the Consolidated Statements of Income. The non-GAAP measures exclude the mismatch created by differing U.S. GAAP treatments of the market movement on the liability and the investments.

Since these plans are hedged economically, management believes it is useful to reflect the offset ultimately achieved from hedging the investment market exposure in the calculation of adjusted operating income (and by calculation, adjusted operating margin) and adjusted net income (and by calculation, adjusted diluted EPS), to produce results that will be more comparable period to period. The related fund shares will have been purchased on or around the date of grant, eliminating any ultimate cash impact from market movements that occur over the vesting period.

Additionally, dividend income from investments held to hedge economically deferred compensation plans is recorded as dividend income and as compensation expense on the company's Consolidated Statements of Income on the record dates. This dividend income is passed through to the employee participants in the plan and is not retained by the company. The non-GAAP measures exclude this dividend income and related compensation expense.

(6) *Other reconciling items*

Each of these other reconciling items has been adjusted from U.S. GAAP to arrive at the company's non-GAAP financial measures for the reasons either outlined in the paragraphs above, due to the unique character and magnitude of the reconciling item, or because the item represents a continuation of a reconciling item adjusted from U.S. GAAP in a prior period.

| <b>\$ in millions</b>   | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Other non-GAAP adjustments:</b>  |             |             |             |             |             |
| Investment management fees accrual adjustment <sup>(a)</sup>  | 4.3         | —           | —           | —           | —           |
| Third party distribution, service and advisory expenses - European infrastructure initiative <sup>(b)</sup> | 2.7         | 15.3        | —           | —           | —           |
| Adjustments to net revenues   | 7.0         | 15.3        | —           | —           | —           |
| European infrastructure initiative: <sup>(b)</sup>  |             |             |             |             |             |
| Employee compensation expense   | 1.6         | 5.6         | 7.6         | —           | —           |
| Marketing expense   | 0.2         | 1.6         | —           | —           | —           |
| Property, office and technology expense   | 2.3         | 5.8         | 5.9         | —           | —           |
| General and administrative expense  | 6.7         | 7.3         | 5.3         | —           | —           |
| Capitalized software development write-off <sup>(c)</sup>   | 11.7        | —           | —           | —           | —           |
| Termination of stadium naming rights <sup>(d)</sup>   | —           | —           | (10.4)      | —           | —           |
| U.K. FSCS levy <sup>(e)</sup>   | —           | —           | 0.4         | 15.3        | —           |
| Fund accounting reimbursement costs <sup>(f)</sup>  | —           | —           | (0.3)       | 8.9         | —           |
| Litigation settlement costs <sup>(g)</sup>  | —           | —           | 3.6         | —           | —           |
| Adjustments to operating income   | 29.5        | 35.6        | 12.1        | 24.2        | —           |
| Foreign exchange hedge amortization <sup>(h)</sup>  | (0.6)       | 0.8         | —           | —           | —           |
| Payment to an investment trust <sup>(i)</sup>   | 31.9        | —           | —           | —           | —           |
| Senior notes call premium <sup>(i)</sup>  | —           | 23.5        | —           | —           | —           |
| Litigation settlement credit <sup>(g)</sup>   | —           | —           | (45.0)      | —           | —           |
| Taxation:   |             |             |             |             |             |
| Taxation on investment management fees accrual adjustment <sup>(a)</sup>                                    | (1.1)       | —           | —           | —           | —           |
| Taxation on European infrastructure initiative <sup>(b)</sup>   | (2.8)       | (7.6)       | (1.9)       | —           | —           |
| Taxation on capitalized software development write-off <sup>(c)</sup>                                       | (4.3)       | —           | —           | —           | —           |
| Taxation on termination of stadium naming rights <sup>(d)</sup>   | —           | —           | 4.0         | —           | —           |
| Taxation on U.K. FSCS levy <sup>(e)</sup>   | —           | —           | (0.1)       | (4.3)       | —           |
| Taxation on fund accounting reimbursement costs <sup>(f)</sup>  | —           | —           | 0.1         | (2.9)       | —           |
| Taxation on litigation settlement credit <sup>(g)</sup>   | —           | —           | 15.6        | —           | —           |
| Taxation on foreign exchange hedge amortization <sup>(h)</sup>  | 0.2         | (0.2)       | —           | —           | —           |
| Taxation on payment to an investment trust <sup>(i)</sup>   | (12.1)      | —           | —           | —           | —           |
| Taxation on senior notes call premium <sup>(i)</sup>  | —           | (5.8)       | —           | —           | —           |
| Adjustments to net income attributable to common shareholders   | 40.7        | 46.3        | (15.2)      | 17.0        | —           |

- a. During the three months ended December 31, 2013, the company reduced a management fee revenue accrual by \$4.3 million to reflect a multi-year true-up. Inclusion of this true-up in the company's non-GAAP financial information would depress the derived metric of net revenue yield on AUM from continuing operations, an important metric calculated from a non-GAAP financial measure which is often contemplated by users of the company's financial information to evaluate the company with industry peers. The true-up is not indicative of a trend in future net revenue yield on AUM; therefore, it is not included in management's evaluation of the results of the business. On this basis, the amount is added back to management fees to arrive at net revenue.

- b. European infrastructure transformational initiative: The company has outsourced its European transfer agency and has made certain structural changes to product and distribution platforms. Expenses incurred related to the European infrastructure activities are excluded in arriving at the non-GAAP financial information. In connection with the initiative, operational process changes resulted in an accounting adjustment recognizing additional distribution expense in the years ended December 31, 2012 and December 31, 2013.
- c. Property, office and technology expenses includes a charge of \$11.7 million in the fourth quarter and year ended December 31, 2013 related to the write-off of capitalized IT software development costs.
- d. Included within marketing expenses in the year ended December 31, 2011 is a credit of \$10.4 million related to the termination of naming rights to the Denver Broncos stadium.
- e. Included within general and administrative expenses in the year ended December 31, 2010 was a charge of \$15.3 million relating to a levy from the U.K. Financial Services Compensation Scheme. An additional \$0.4 million charge was recorded in the year ended December 31, 2011 reflecting revised estimates of the levy.
- f. Included within general and administrative expenses in the year ended December 31, 2010 is a charge of \$8.9 million representing reimbursement costs from the correction of historical foreign exchange allocations in the fund accounting process that impacted the reporting of fund performance in certain funds. A \$0.3 million credit was recorded in the year ended December 31, 2011 reflecting the final amount reimbursed.
- g. Included within other gains and losses, net 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. Included within general and administrative expenses are legal fees associated with the litigation of \$3.6 million.
- h. Included within other gains and losses, net is the mark-to-market of foreign exchange put option contracts intended to provide protection against the impact of a significant decline in the Pound Sterling/U.S. Dollar foreign exchange rate. These contracts provide coverage through March 25, 2014. The adjustment from U.S. GAAP to non-GAAP earnings removes the impact of market volatility; therefore, the company's non-GAAP results include only the amortization of the cost of the contracts during the contract period.
- i. On December 31, 2013, at the time of creating a new trust company subsidiary to continue operating the company's institutional trust activities immediately following the disposition of Atlantic Trust, the company made a \$31.9 million payment to a managed investment trust, which resulted in the subsequent termination of an outstanding support agreement. This expense was recorded in other gains/(losses) in the company's Consolidated Statement of Income during the year ended December 31, 2013.
- j. Other gains and losses, net included a charge of \$23.5 million in the fourth quarter and year ended December 31, 2012 related to the call premiums on the redemption of the \$333.5 million principal amount of 5.375% senior notes due February 27, 2013 and the \$197.1 million principal amount of the 5.375% senior notes due December 15, 2014.

## Balance Sheet Discussion

A summary of the balance sheet impact of CIP is presented below. The impact is illustrated in the tables immediately below by a column which shows the dollar-value change in the consolidated figures, as caused by the consolidation of CIP. For example, the impact of CIP on accounts receivable and investments for the year ended December 31, 2013 were reductions of \$3.4 million and \$55.3 million, respectively. This indicates that the consolidation of CIP reduced accounts receivable and investments by these amounts, reflecting the elimination upon consolidation of the underlying net interests in CIP held by the company.

The majority of the company's CIP are CLO-related. The collateral assets of the CLOs are held solely to satisfy the obligations of the CLOs. The company has no right to the benefits from, nor does it bear the risks associated with, the collateral assets held by the CLOs, beyond the company's minimal direct investments in, and management fees generated from, CLOs. If the company were to liquidate, the collateral assets would not be available to the general creditors of the company, and as a result, the company does not consider them to be company assets. Likewise, if the CLOs were to liquidate, their investors would have no recourse to the general credit of the company. The company therefore does not consider this debt to be a company liability. As demonstrated by the balance sheet data that follows in this section and in the "Liquidity and Capital Resources" section, inclusion of the long-term debt of consolidated investment products within liquidity measures, such as debt-to-equity measures, causes the company to appear far more indebted than is the case.

Summary of Balance Sheet Impact of CIP

| \$ in millions   | December 31, 2013 |                    | December 31, 2012 |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | Impact of CIP     | Consolidated Total | Impact of CIP     | Consolidated Total |
| <b>ASSETS</b>  |                   |                    |                   |                    |
| Cash and cash equivalents  | —                 | 1,331.2            | —                 | 835.5              |
| Unsettled fund receivables   | —                 | 932.4              | —                 | 550.1              |
| Accounts receivable  | (3.4)             | 500.8              | (4.4)             | 449.4              |
| Investments  | (55.3)            | 839.7              | (66.6)            | 610.7              |
| Assets of CSIP   | —                 | 108.5              | —                 | —                  |
| Assets of CIP:   |                   |                    |                   |                    |
| Cash and cash equivalents of CIP   | 583.6             | 583.6              | 287.8             | 287.8              |
| Accounts receivable of CIP   | 58.3              | 58.3               | 84.1              | 84.1               |
| Investments of CIP   | 4,734.7           | 4,734.7            | 4,550.6           | 4,550.6            |
| Assets held for policyholders  | —                 | 1,416.0            | —                 | 1,153.6            |
| Prepaid assets   | —                 | 101.4              | —                 | 99.9               |
| Other assets   | —                 | 174.7              | —                 | 146.8              |
| Deferred tax asset, net  | —                 | 7.4                | —                 | 38.4               |
| Property and equipment, net  | —                 | 350.8              | —                 | 349.6              |
| Intangible assets, net   | —                 | 1,263.7            | —                 | 1,287.7            |
| Goodwill   | —                 | 6,867.3            | —                 | 7,048.2            |
| Total assets   | <u>5,317.9</u>    | <u>19,270.5</u>    | <u>4,851.5</u>    | <u>17,492.4</u>    |
| <b>LIABILITIES</b>   |                   |                    |                   |                    |
| Accrued compensation and benefits  | —                 | 676.4              | —                 | 609.8              |
| Accounts payable and accrued expenses  | —                 | 763.1              | (8.9)             | 626.4              |
| Liabilities of CIP:  |                   |                    |                   |                    |
| Debt of CIP  | 4,181.7           | 4,181.7            | 3,899.4           | 3,899.4            |
| Other liabilities of CIP   | 461.8             | 461.8              | 104.3             | 104.3              |
| Policyholder payables  | —                 | 1,416.0            | —                 | 1,153.6            |
| Unsettled fund payables  | —                 | 882.0              | —                 | 552.5              |
| Long-term debt   | —                 | 1,588.6            | —                 | 1,186.0            |
| Deferred tax liabilities, net  | —                 | 323.6              | —                 | 311.4              |
| Total liabilities  | <u>4,643.5</u>    | <u>10,293.2</u>    | <u>3,994.8</u>    | <u>8,443.4</u>     |
| <b>EQUITY</b>  |                   |                    |                   |                    |
| Equity attributable to common shareholders:  |                   |                    |                   |                    |
| Common shares  | —                 | 98.1               | —                 | 98.1               |
| Additional paid-in-capital   | —                 | 6,100.8            | —                 | 6,141.0            |
| Treasury shares  | —                 | (1,700.4)          | —                 | (1,382.9)          |
| Retained earnings  | 12.5              | 3,361.9            | 21.2              | 2,801.3            |
| Retained earnings appropriated for investors in CIP                                    | 104.3             | 104.3              | 128.8             | 128.8              |
| Accumulated other comprehensive income, net of tax                                     | (12.7)            | 427.9              | (20.9)            | 530.5              |
| Total equity attributable to common shareholders                                       | 104.1             | 8,392.6            | 129.1             | 8,316.8            |
| Equity attributable to nonredeemable noncontrolling interests in consolidated entities | 570.3             | 584.7              | 727.6             | 732.2              |
| Total equity   | <u>674.4</u>      | <u>8,977.3</u>     | <u>856.7</u>      | <u>9,049.0</u>     |
| Total liabilities and equity   | <u>5,317.9</u>    | <u>19,270.5</u>    | <u>4,851.5</u>    | <u>17,492.4</u>    |

*Cash and cash equivalents*

Cash and cash equivalents increased by \$495.7 million from \$835.5 million at December 31, 2012 to \$1,331.2 million at December 31, 2013 . See "Cash Flows" in the following section within this Management's Discussion and Analysis for additional discussion regarding the movements in cash flows during the periods. See Item 8, Financial Statements and Supplementary Data - Note 1 , "Accounting Policies - Cash and Cash Equivalents," regarding requirements to retain liquid resources in certain jurisdictions.

*Unsettled fund receivables and payables*

Unsettled fund receivables increased by \$382.3 million from \$550.1 million at December 31, 2012 to \$932.4 million at December 31, 2013 , due primarily to higher transaction activity between funds and investors in late December 2013 when compared to late December 2012 in our UITs, together with U.K. and cross-border funds. In the company's capacity as sponsor of UITs, 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. In our U.K. and cross-border operations, unsettled fund receivables are created by the normal settlement periods on transactions initiated by certain clients. The presentation of the unsettled fund receivables and substantially offsetting payables ( \$882.0 million at December 31, 2013 up from \$552.5 million at December 31, 2012 ) at trade date reflects the legal relationship between the underlying investor and the company.

*Investments*

As of December 31, 2013 we had \$839.7 million in investments. Included in investments are \$233.8 million of seed money investments in affiliated funds used to seed funds as we launch new products, and \$249.7 million of investments related to assets held for deferred compensation plans, which are also held primarily in affiliated funds. Seed investments increased by \$120.4 million during the year ended December 31, 2013 , due primarily to funding of seed money investments and positive market activity and were partially offset by seed money redemptions. Investments held to hedge deferred compensation awards increased by \$36.2 million during the year, primarily due to additional investments in affiliated funds to hedge economically new employee plan awards.

Included in investments are \$308.2 million in equity method investments in our Chinese and Indian joint ventures and in certain of the company's private equity partnerships, real estate partnerships and other co-investments ( December 31, 2012 : \$228.2 million ). The increase of \$80.0 million in equity method investments was primarily driven by an increase of \$91.4 million in our joint venture investments that included the 2013 purchase of a 49% interest in Religare Invesco Asset Management. and additional capital contributed to one of our Chinese joint ventures. The increase also includes current year retained earnings, net of distributions, and an \$11.2 million valuation reduction due to foreign exchange rate movement, primarily attributable to the decline of the value of the Indian rupee against the U.S. dollar. Equity method investments also increased \$47.1 million due to capital calls in co-investments, including \$25.6 million into real estate funds, \$15.3 million due to earnings and valuation adjustments and \$5.5 million due to the de-consolidation of a fund previously consolidated under ASC 810, which was triggered by a change in ownership of the general partner of the fund. The increases in partnership investments were offset by distributions and capital returns of \$40.7 million during the period, negative foreign exchange rate movement and the consolidation of two of our partnership funds.

*Assets of CSIP*

Assets of Consolidated Sponsored Investment Products (CSIP) consist of cash, investments and other assets of consolidated majority-held sponsored investment products. At December 31, 2013, CSIP assets include \$93.2 million in investments, \$12.7 million in cash and cash equivalents, and \$2.6 million in accounts receivable and other assets (December 31, 2012: none). See Item 8, Financial Statements and Supplementary Data, Note 1 , "Accounting Policies," and Note 19 , "Consolidated Sponsored Investment Products," for additional information.

*Assets held for policyholders and policyholder payables*

One of our subsidiaries, Invesco Perpetual Life Limited, is an insurance company 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. The increase in the balance of these accounts from \$1,153.6 million at December 31, 2012 , to \$1,416.0 million at December 31, 2013 , was the result of an increase in the market values of these assets and liabilities together with foreign exchange movements.

*Intangible assets, net*

Intangible assets reflect a net decrease of \$24.0 million from \$1,287.7 million at December 31, 2012 , to \$1,263.7 million at December 31, 2013 . The decrease in intangible assets, net is due to amortization of \$17.1 million , foreign exchange movements of \$4.7 million and the sale of \$2.2 million of intangible assets in relation to the Atlantic Trust disposal.

*Goodwill*

Goodwill decreased from \$7,048.2 million at December 31, 2012 , to \$6,867.3 million at December 31, 2013 . The decrease is due to foreign exchange movements of \$ 106.4 million and \$74.5 million from the sale of Atlantic Trust at December 31, 2013. See Item 8, Financial Statements and Supplementary Data - Note 6 , "Goodwill," for an analysis of the change in goodwill balances between periods. The company's annual goodwill impairment review is performed as of October 1 of each year. As a result of that analysis, the company determined that no impairment existed at that date. See "Critical Accounting Policies - Goodwill" for additional details of the company's goodwill impairment analysis process.

*Long-term debt*

Long-term debt increased from \$1,186.0 million at December 31, 2012 , to \$1,588.6 million at December 31, 2013 , an increase of \$ 402.6 million . During the fourth quarter of 2013, the company issued senior notes with aggregate principal amounts of \$600.0 million at 4.000% due January 30, 2024 and \$400.0 million at 5.375% due November 30, 2043. Of the total net proceeds, \$699.4 million was used to repay the amount outstanding on the credit facility with the remaining to be used for general corporate purposes.

**Liquidity and Capital Resources**

Our capital structure, together with available cash balances, cash flows generated from operations, existing capacity under our credit facility and further capital market activities, if necessary, should provide us with sufficient resources to meet present and future cash needs, including operating, debt and other obligations as they come due and anticipated future capital requirements. Material changes in the company's capital structure over the last three years include:

**2013 :** During the fourth quarter of 2013, the company issued senior notes with aggregate principal amounts of \$600.0 million at 4.000% due January 30, 2024 and \$400.0 million at 5.375% due November 30, 2043. Of the total net proceeds, \$699.4 million was used to repay the amount outstanding on the credit facility with the remaining to be used for general corporate purposes. During 2013, we repurchased 13.9 million common shares in open market transactions utilizing \$470.5 million in cash under the company's board-approved open market share repurchase program. Additionally, the company amended its \$1.25 billion unsecured credit facility to extend the maturity to 2018.

**2012:** In April of 2012 the company repaid the \$215.1 million 5.625% senior notes utilizing borrowing from the company's credit facility and existing cash on hand. In November, the company issued an initial aggregate principal amount of \$600.0 million of 3.125% senior notes due in November 2022. The net proceeds from the issuance were used to repay the \$333.5 million 5.375% note due February 2013 and \$197.1 million 5.375% note due December of 2014. In December, the company exercised the make-whole call option of these two notes paying a premium of \$23.0 million to retire the debt early. The remaining proceeds from the issuance were used for general corporate purposes. During 2012, we repurchased 11.1 million common shares in open market transactions utilizing \$265.0 million in cash under the company's board approved open market share repurchase program.

**2011:** During 2011, the company repurchased 18.8 million common shares for \$436.5 million under the company's board-approved open market share repurchase program.

Our capital management priorities have evolved with the growth and success of our business and include:

- reinvestment in the business;
- moderate annual growth of dividends (as further discussed in the "Dividends" section below);
- share repurchase; and
- establishment of an approximate \$1 billion cash buffer in excess of regulatory requirements.

These priorities are executed in a manner consistent with our desire to maintain a strong, investment-grade credit rating. As of the date of this Report, Invesco held credit ratings of A-/Positive and A3/Stable from Standard & Poor's Ratings Services ("S&P") and Moody's respectively. Furthermore, S&P considers our risk management to be strong. S&P rates companies' enterprise risk

management capabilities on a scale of Fair, Adequate, Strong, and Excellent. Our ability to continue to access the capital markets in a timely manner depends on a number of factors, including our credit ratings, the condition of the global economy, investors' willingness to purchase our securities, interest rates, credit spreads and the valuation levels of equity markets. If we are unable to access capital markets in a timely manner, our business could be adversely impacted. See also Item 1A - "Risk Factors," for more detailed discussion on reliance on credit ratings.

Certain of our subsidiaries are required to maintain minimum levels of capital. 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. At December 31, 2013, the European sub-group had cash and cash equivalent balances of \$632.3 million ( December 31, 2012 : \$528.3 million ). We are in compliance with all regulatory minimum net capital requirements. As of December 31, 2013, the company's minimum regulatory capital requirement was \$282 million. The total amount of non-U.S. cash and cash equivalents was \$740.5 million at December 31, 2013 ( December 31, 2012 : \$662.9 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 UIT broker dealer entity. At December 31, 2013, these cash deposits totaled \$11.3 million ( December 31, 2012 : \$11.3 million ).

The consolidation of \$4.8 billion and \$4.3 billion of total assets and long-term debt of certain CLO products as of December 31, 2013, respectively, did not impact the company's liquidity and capital resources. The collateral assets of the CLOs are held solely to satisfy the obligations of the CLOs. The company has no right to the benefits from, nor does it bear the risks associated with, the collateral assets held by the CLOs, beyond the company's minimal direct investments in, and management fees generated from, these products, which are eliminated upon consolidation. If the company were to liquidate, the collateral assets would not be available to the general creditors of the company, and as a result, the company does not consider them to be company assets. Likewise, if the CLOs were to liquidate, their investors would have no recourse to the general credit of the company. The company therefore does not consider this debt to be an obligation of the company. See Item 8, Financial Statements and Supplementary Data - Note 20, "Consolidated Investment Products," for additional details.

Selected balance sheet information is reflected in the table below:

| \$ in millions                                | Excluding CIP (Non-GAAP) <sup>(1)</sup> |                   |                   | Including CIP (U.S. GAAP) |                   |                   |
|---|---|-------------------|-------------------|---------------------------|-------------------|-------------------|
|   | December 31, 2013                       | December 31, 2012 | December 31, 2011 | December 31, 2013         | December 31, 2012 | December 31, 2011 |
| Cash and cash equivalents                     | 1,331.2                                 | 835.5             | 727.4             | 1,331.2                   | 835.5             | 727.4             |
| Investments of CIP                            | —                                       | —                 | —                 | 4,734.7                   | 4,550.6           | 6,629.0           |
| Total assets <sup>(1)</sup>                   | 13,952.6                                | 12,640.9          | 12,329.2          | 19,270.5                  | 17,492.4          | 19,347.0          |
| Long-term debt                                | 1,588.6                                 | 1,186.0           | 1,284.7           | 1,588.6                   | 1,186.0           | 1,284.7           |
| Long-term debt of CIP                         | —                                       | —                 | —                 | 4,181.7                   | 3,899.4           | 5,512.9           |
| Long-term debt / Long-term debt plus CIP debt | 1,588.6                                 | 1,186.0           | 1,284.7           | 5,770.3                   | 5,085.4           | 6,797.6           |
| Total liabilities <sup>(1)</sup>              | 5,649.7                                 | 4,448.6           | 4,541.0           | 10,293.2                  | 8,443.4           | 10,209.4          |
| Total equity <sup>(1)</sup>                   | 8,302.9                                 | 8,192.3           | 7,788.2           | 8,977.3                   | 9,049.0           | 9,137.6           |
| Debt/Equity % <sup>(1,2)</sup>                | 19.1%                                   | 14.5%             | 16.5%             | 64.3%                     | 56.2%             | 74.4%             |

(1) The balance sheet line items excluding CIP are non-GAAP financial measures. To calculate total assets excluding CIP at December 31, 2013, use U.S. GAAP total assets of \$19,270.5 million ( 2012 : \$17,492.4 million ; 2011 : \$19,347.0 million ) and subtract total assets of CIP of \$5,317.9 million ( 2012 : \$4,851.5 million ; 2011 : \$7,017.8 million ). To calculate total liabilities excluding CIP at December 31, 2013, use U.S. GAAP total liabilities of \$10,293.2 million ( 2012 : \$8,443.4 million ; 2011 :



\$10,209.4 million ) and subtract total liabilities of CIP of \$4,643.5 million ( 2012 : \$3,994.8 million ; 2011 : \$5,668.4 million ). To calculate total equity excluding CIP at December 31, 2013 , use U.S. GAAP total equity of \$8,977.3 million ( 2012 : \$9,049.0 million ; 2011 : \$9,137.6 million ) and subtract total equity of CIP of \$674.4 million ( 2012 : \$856.7 million ; 2011 : \$1,349.4 million ). See the "Balance Sheet Discussion" section for a fully expanded balance sheet illustrating the impact of consolidation of investment products for 2013 and 2012 .

- (2) The debt-to-equity ratio excluding CIP is a non-GAAP financial measure. The debt-to-equity ratio is calculated as long-term debt divided by total equity for the balance sheet excluding CIP and long-term debt plus long-term debt of CIP divided by equity for the balance sheet including CIP. Management believes that it is important to illustrate for users of our Consolidated Financial Statements that calculating a balance sheet measure, such as the debt-to-equity ratio, including the impact of CIP causes the company to appear far more indebted than is the case. As disclosed above, the debt of CIP is not the company's debt, nor do the noteholders of the CIP debt have any recourse to the company.

### ***Cash Flows Discussion***

The ability to consistently generate free cash flow from operations in excess of dividend payments, share repurchases, capital expenditures, and ongoing operating expenses is one of our company's fundamental financial strengths. Operations continue to be financed from current earnings and borrowings. Our principal uses of cash, other than for operating expenses, include dividend payments, capital expenditures, acquisitions, purchase of our shares in the open market and investments in certain new investment products.

Cash flows of CIP (discussed in Item 8, Financial Statements and Supplementary Data - Note 20 , "Consolidated Investment Products") are reflected in Invesco's cash provided by or used in operating activities, investing activities and financing activities. Cash held by CIP is not available for general use by Invesco, nor is Invesco cash available for general use by its CIP. Accordingly, the table below presents the consolidated total cash flows of the company and separately presents the impact to the cash flows from CIP. The impact is illustrated in the tables immediately below by a column which shows the dollar-value change in the consolidated figures, as caused by the consolidation of CIP. For example, the impact of CIP on net income for the year ended December 31, 2013 was an addition of \$36.0 million . This indicates that the consolidation of CIP increased consolidated net income by \$36.0 million . Also as illustrated in the table below, the sum of the operating, investing and financing cash flows of CIP offsets to a zero impact to the company's change in cash and cash equivalent balances from period to period. The cash flows of CIP do not form part of the company's cash flow management processes, nor do they form part of the company's significant liquidity evaluations and decisions for the reasons noted. The discussion that follows the table focuses on the company's cash flows.

Summary of Cash Flow Statement Impact of CIP

| \$ in millions   | December 31, 2013 |                           | December 31, 2012 |                           | December 31, 2011 |                           |
|--|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
|  | Impact of CIP     | Invesco Ltd. Consolidated | Impact of CIP     | Invesco Ltd. Consolidated | Impact of CIP     | Invesco Ltd. Consolidated |
| <b>Operating activities:</b>   |                   |                           |                   |                           |                   |                           |
| Net income   | 36.0              | 982.8                     | (100.6)           | 587.3                     | (87.5)            | 622.0                     |
| Adjustments to reconcile net income to net cash provided by/ (used in) operating activities: |                   |                           |                   |                           |                   |                           |
| Amortization and depreciation  | —                 | 88.4                      | —                 | 95.0                      | —                 | 117.4                     |
| Share-based compensation expense   | —                 | 133.1                     | —                 | 136.4                     | —                 | 115.1                     |
| (Gain)/loss on disposal of business, property and equipment, net                             | —                 | (64.8)                    | —                 | (0.9)                     | —                 | (5.8)                     |
| Other gains and losses, net  | 11.8              | (36.4)                    | 8.7               | (8.3)                     | —                 | (49.0)                    |
| Call premium on debt extinguishment  | —                 | —                         | —                 | (23.0)                    | —                 | —                         |
| Other (gains)/losses of CIP, net   | (61.9)            | (61.9)                    | 97.7              | 97.7                      | 138.9             | 138.9                     |
| Equity in earnings of unconsolidated affiliates  | 2.5               | (35.5)                    | (0.4)             | (29.7)                    | 0.3               | (30.5)                    |
| Dividends from unconsolidated affiliates   | —                 | 16.5                      | —                 | 15.6                      | —                 | 21.3                      |
| Changes in operating assets and liabilities:   |                   |                           |                   |                           |                   |                           |
| (Increase)/decrease in cash held by CIP  | (298.9)           | (298.9)                   | (36.2)            | (36.2)                    | 264.2             | 264.2                     |
| (Increase)/decrease in cash held by CSIP   | —                 | (10.1)                    | —                 | —                         | —                 | —                         |
| (Purchase)/sale of trading investments, net  | —                 | 5.4                       | —                 | (7.2)                     | —                 | (11.0)                    |
| (Increase)/decrease in receivables   | 22.2              | (593.1)                   | 16.4              | 113.8                     | 8.7               | 213.4                     |
| Increase/(decrease) in payables  | 4.2               | 654.7                     | (38.4)            | (121.2)                   | (162.6)           | (431.2)                   |
| Net cash provided by/(used in) operating activities  | (284.1)           | 780.2                     | (52.8)            | 819.3                     | 162.0             | 964.8                     |
| <b>Investing activities:</b>   |                   |                           |                   |                           |                   |                           |
| Purchase of property and equipment   | —                 | (88.2)                    | —                 | (99.3)                    | —                 | (107.0)                   |
| Disposal of property and equipment   | —                 | —                         | —                 | 0.6                       | —                 | 12.6                      |
| Purchase of available-for-sale investments   | 67.0              | (132.3)                   | 11.9              | (85.9)                    | —                 | (31.4)                    |
| Sale of available-for-sale investments   | (74.7)            | 26.9                      | (17.8)            | 50.6                      | (5.0)             | 60.2                      |
| Purchase of investments by CIP   | (4,465.4)         | (4,465.4)                 | (3,252.0)         | (3,252.0)                 | (2,991.4)         | (2,991.4)                 |
| Sale of investments by CIP   | 4,440.4           | 4,440.4                   | 3,346.8           | 3,346.8                   | 3,479.0           | 3,479.0                   |
| Purchase of investments by CSIP  | —                 | (116.5)                   | —                 | —                         | —                 | —                         |
| Sale of investments by CSIP  | —                 | 66.9                      | —                 | —                         | —                 | —                         |
| Purchase of other investments  | 0.2               | (239.1)                   | 0.4               | (126.0)                   | 7.0               | (143.4)                   |
| Sale of other investments  | —                 | 94.3                      | —                 | 83.6                      | —                 | 64.6                      |
| Returns of capital and distributions from unconsolidated partnership investments             | (0.2)             | 38.0                      | (12.0)            | 20.0                      | (3.1)             | 36.6                      |
| Acquisitions of businesses   | —                 | —                         | —                 | —                         | —                 | (14.9)                    |
| Acquisition earn-out payments  | —                 | (1.9)                     | —                 | (37.2)                    | —                 | (16.8)                    |
| Sale of management contracts   | —                 | —                         | —                 | 16.4                      | —                 | —                         |
| Sale of business   | —                 | 137.0                     | —                 | —                         | —                 | —                         |
| Net cash provided by/(used in) investing activities  | (32.7)            | (239.9)                   | 77.3              | (82.4)                    | 486.5             | 348.1                     |
| <b>Financing activities:</b>   |                   |                           |                   |                           |                   |                           |
| Proceeds from exercises of share options   | —                 | 17.9                      | —                 | 23.0                      | —                 | 12.4                      |
| Purchases of treasury shares   | —                 | (470.5)                   | —                 | (265.0)                   | —                 | (436.5)                   |
| Dividends paid   | —                 | (379.7)                   | —                 | (289.0)                   | —                 | (220.9)                   |
| Excess tax benefits from share-based compensation  | —                 | 21.6                      | —                 | 12.7                      | —                 | 14.7                      |
| Overdraft on unsettled fund account  | —                 | 35.7                      | —                 | —                         | —                 | —                         |
| Capital invested into CIP  | 17.7              | 17.7                      | 20.0              | 20.0                      | 37.2              | 37.2                      |
| Capital distributed by CIP   | (191.5)           | (191.5)                   | (277.0)           | (277.0)                   | (172.4)           | (172.4)                   |
| Capital invested into CSIP   | —                 | 3.9                       | —                 | —                         | —                 | —                         |
| Borrowings of debt of CIP  | 1,365.4           | 1,365.4                   | 835.2             | 835.2                     | —                 | —                         |
| Repayments of debt of CIP  | (874.8)           | (874.8)                   | (602.7)           | (602.7)                   | (513.3)           | (513.3)                   |

|  |       |         |        |         |         |           |
|--|-------|---------|--------|---------|---------|-----------|
| Net borrowings/(repayments) under credit facility      | —     | (586.5) | —      | 47.5    | —       | (31.0)    |
| Net proceeds from issuance of senior notes             | —     | 981.5   | —      | 595.1   | —       | —         |
| Repayments of senior notes                             | —     | —       | —      | (745.7) | —       | —         |
| Acquisition of interest in CIP                         | —     | —       | —      | —       | —       | (12.3)    |
| Net cash provided by/(used in) financing activities    | 316.8 | (59.3)  | (24.5) | (645.9) | (648.5) | (1,322.1) |
| Increase/(decrease) in cash and cash equivalents       | —     | 481.0   | —      | 91.0    | —       | (9.2)     |
| Foreign exchange movement on cash and cash equivalents | —     | 14.7    | —      | 17.1    | —       | (3.9)     |
| Cash and cash equivalents, beginning of year           | —     | 835.5   | —      | 727.4   | —       | 740.5     |
| Cash and cash equivalents, end of year                 | —     | 1,331.2 | —      | 835.5   | —       | 727.4     |

*Operating Activities*

Operating cash flows include the receipt of investment management and other fees generated from AUM, offset by operating expenses and changes in operating assets and liabilities. Although some receipts and payments are seasonal, particularly bonus payments, in general, after allowing for the change in cash held by CIP, our operating cash flows move in the same direction as our operating income.

During 2013, cash provided by operating activities decreased \$39.1 million to \$780.2 million from \$819.3 million in 2012. As shown in the tables above, the impact of CIP to cash used in operating activities was \$284.1 million of cash used during 2013 compared to \$52.8 million of cash used during 2012. Excluding the impact of CIP, cash generated by operations was \$1,064.3 million in 2013 compared to \$872.1 million in 2012, an increase of \$192.2 million.

The \$192.2 million increase in cash provided by operations in 2013 when compared to 2012 is attributable to a higher net income from continuing operations. The increase has been partially offset by the lower realization in 2013 of receivable balances into cash, when compared to 2012. This includes the realization into cash in 2012 of a \$45.0 million litigation related receivable recorded in the December 31, 2011 balance sheet.

During the year ended December 31, 2012, cash provided by operations, excluding the impact of CIP, increased by \$69.3 million when compared to 2011. Cash provided by operations in 2012 benefited from the realization of receivable balances into cash that were above the level experienced in 2011.

*Investing Activities*

Net cash used in investing activities totaled \$239.9 million for the year ended December 31, 2013 (2012 : net cash used \$82.4 million). As shown in the tables above, the impact of CIP on investing activities, including investment purchases, sales and returns of capital, was \$32.7 million used (2012 : \$77.3 million contributed). Excluding the impact of CIP cash flows, net cash used in investing activities was \$207.2 million (2012 : net cash used of \$159.7 million).

Net cash inflows during the year included net cash proceeds of \$137.0 million collected from the sale of Atlantic Trust completed on December 31, 2013. Cash inflows also include collected proceeds of \$301.0 million from sales and returns of capital of investments (2012 : \$184.0 million).

During the year ended December 31, 2013, the company purchased available-for-sale investments, other investments and CSIP investments of \$555.1 million (2012 : \$224.2 million). Net investment purchases and sales, increased by \$220.1 million to \$292.3 million for the year ended December 31, 2013 compared to \$72.2 million in 2012 due to an increase in seed money and CSIP transactions during 2013. During the year ended December 31, 2012 net investments included \$16.4 million due to the sale of CLO management contracts.

During the year ended December 31, 2013 the company had capital expenditures of \$88.2 million (2012 : \$99.3 million). Our capital expenditures related principally in each year to technology initiatives, including enhancements to platforms from which we maintain our portfolio management systems and fund accounting systems, improvements in computer hardware and software desktop products for employees, new telecommunications products to enhance our internal information flow, and back-up disaster recovery systems. Also, in each year, a portion of these costs related to leasehold improvements made to the various buildings and workspaces used in our offices. These projects have been funded with proceeds from our operating cash flows.

Net cash used in investing activities totaled \$82.4 million for the year ended December 31, 2012 (2011 : net cash generated of \$348.1 million). As shown in the tables above, CIP, including investment purchases, sales and returns of capital, contributed \$77.3 million (2011 : \$486.5 million contributed). Excluding CIP cash flows, net cash used in investing activities was \$159.7 million (2011 : net cash used of \$138.4 million). Investing activities in 2012 included acquisition related payments totaling \$37.2 million as compared to \$31.7 million in 2011, The 2012 business acquisition payments related to the final earn-out arrangements from the 2006 acquisitions of W.L. Ross & Co. and Invesco Powershares.

*Financing Activities*

Net cash used in financing activities totaled \$59.3 million for the year ended December 31, 2013 (2012 : \$645.9 million). As shown in the tables above, the impact of CIP on financing activities provided cash of \$316.8 million during the year (2012 : cash used of \$24.5 million). Excluding the impact of the CIP, financing activities used cash of \$376.1 million in the year ended December 31, 2013 (2012 : cash used of \$621.4 million).

Financing cash outflows during the year ended December 31, 2013 included \$379.7 million of dividend payments for the dividends declared in January, April, July and November 2013 ( 2012 : dividends paid of \$289.0 million ) and the purchase of treasury shares through market transactions totaling \$470.5 million ( 2012 : \$265.0 million ).

Financing cash inflows during 2013 included net cash proceeds of \$981.5 million received upon the completion of the issuance of senior notes with aggregate principal amounts of \$600.0 million at 4.000% due January 30, 2024 and \$400.0 million at 5.375% due November 30, 2043. The proceeds were used, in part, to repay the outstanding balance of \$586.5 million on the credit facility.

Other financing cash inflows include cash received from the exercise of options of \$17.9 million ( 2012 : \$23.0 million ) and excess tax benefits from share-based compensation of \$21.6 million ( 2012 : \$12.7 million ).

Financing cash flows during the year ended December 31, 2012 included the repayment of the \$215.1 million 5.625% senior notes utilizing borrowing from the company's credit facility and existing cash on hand. In addition, during 2012, the company issued an initial aggregate principal amount of \$600.0 million of 3.125% senior notes due November 2022. The net proceeds from the issuance were used to repay the \$333.5 million 5.375% note due February 2013 and \$197.1 million 5.375% note due December of 2014.

## Dividends

Invesco declares and pays dividends on a quarterly basis in arrears. The 2013 quarterly dividend was \$0.225 per Invesco Ltd. common share. On January 30, 2014 , the company declared a fourth quarter 2013 cash dividend, which will be paid on March 7, 2014 , to shareholders of record as of February 20, 2014 with an ex-dividend date of February 18, 2014 . The total dividend attributable to the 2013 fiscal year of \$0.90 per share represented a 30.4% increase over the total dividend attributable to the 2012 fiscal year of \$0.69 per share.

The declaration, payment and amount of any future dividends will be declared by our board of directors and will depend upon, among other factors, our earnings, financial condition and capital requirements at the time such declaration and payment are considered. The board has a policy of managing dividends in a prudent fashion, with due consideration given to profit levels, overall debt levels, and historical dividend payouts.

## Share Repurchase Plan

On October 11, 2013, the board of directors authorized an additional \$1.5 billion for the existing share repurchase program with no stated expiration date. During the year ended December 31, 2013 , the company repurchased 13.9 million shares in the market at a cost of \$470.5 million (three months ended December 31, 2013 : 10.1 million shares at a cost of \$350.0 million ; year ended December 31, 2012 : 11.1 million shares at a cost of \$265.0 million ). Separately, an aggregate of 2.4 million shares were withheld on vesting events during the year ended December 31, 2013 to meet employees' withholding tax obligations ( December 31, 2012 : 2.1 million ). The fair value of these shares withheld at the respective withholding dates was \$64.9 million ( December 31, 2012 : \$48.9 million ). Approximately \$1,496.5 million remained authorized under the company's share repurchase plan at December 31, 2013 ( December 31, 2012 : \$467.0 million ).

## Long-term debt

Our long-term debt at December 31, 2013 was \$ 1,588.6 million ( December 31, 2012 : \$ 1,186.0 million ) and was comprised of the following:

| \$ in millions   | December 31, 2013 | December 31, 2012 |
|--|-------------------|-------------------|
| Floating rate credit facility expiring December 17, 2018 | —                 | 586.5             |
| Unsecured Senior Notes*:                                 |                   |                   |
| \$600 million 3.125% - due November 30, 2022             | 599.6             | 599.5             |
| \$600 million 4.000% - due January 30, 2024              | 595.8             | —                 |
| \$400 million 5.375% - due November 30, 2043             | 393.2             | —                 |
| Long-term debt   | <u>1,588.6</u>    | <u>1,186.0</u>    |

For the year ended December 31, 2013, the company's weighted average cost of debt was 2.49% (year ended December 31, 2012 : 3.16% ).

During the fourth quarter of 2013, the company issued senior notes with aggregate principal amounts of \$600.0 million at 4.000% due January 30, 2024 and \$400.0 million at 5.375% due November 30, 2043. Of the total net proceeds, \$699.4 million was used to repay the amount outstanding on the credit facility with the remaining to be used for general corporate purposes.

During the second quarter of 2012, the company redeemed the \$215.1 million principal amount of 5.625% senior notes due April 17, 2012. During the fourth quarter of 2012, the company issued an initial aggregate principal amount of \$600.0 million of 3.125% senior notes with a maturity of November 30, 2022. The proceeds from the debt were used to redeem the \$333.5 million principal amount of 5.375% senior notes due February 27, 2013 and the \$197.1 million principal amount of the 5.375% senior notes due December 15, 2014.

On December 17, 2013, 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 December 17, 2018. 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, (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. As of December 31, 2013, we were in compliance with our financial covenants. At December 31, 2013, our leverage ratio was 1.05 :1.00 ( December 31, 2012 : 0.99:1.00), and our interest coverage ratio was 35.49 :1.00 ( December 31, 2012 : 23.61:1.00).

The coverage ratios, as defined in our credit facility, were as follows during 2013 and 2012 :

|                         | 2013  |       |       |       | 2012  |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                         | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    |
| Leverage Ratio          | 1.22  | 1.11  | 1.02  | 1.05  | 1.03  | 1.08  | 1.04  | 0.99  |
| Interest Coverage Ratio | 26.29 | 29.44 | 33.16 | 35.49 | 22.06 | 22.61 | 23.86 | 23.61 |

The December 31, 2013, coverage ratio calculations are as follows:

| \$ millions  | 2013      |       |       |       |        |
|--|-----------|-------|-------|-------|--------|
|  | Total     | Q4    | Q3    | Q2    | Q1     |
| Net income attributable to common shareholders                         | 940.3     | 287.4 | 228.1 | 202.6 | 222.2  |
| Net income/(loss) attributable to common shareholders arising from CIP | 8.7       | (1.1) | 9.4   | 3.5   | (3.1)  |
| Tax expense  | 373.3     | 111.7 | 92.1  | 80.9  | 88.6   |
| Amortization/depreciation/impairment                                   | 100.1     | 34.1  | 21.8  | 21.9  | 22.3   |
| Interest expense   | 44.6      | 15.2  | 9.7   | 10.0  | 9.7    |
| Share-based compensation expense                                       | 133.1     | 30.1  | 33.6  | 35.9  | 33.5   |
| Unrealized gains and losses from investments, net *                    | (17.4)    | (3.7) | (3.7) | 1.4   | (11.4) |
| EBITDA **  | 1,582.7   | 473.7 | 391.0 | 356.2 | 361.8  |
| Adjusted debt **   | \$1,655.2 |       |       |       |        |
| Leverage ratio (Debt/EBITDA - maximum 3.25:1.00)                       | 1.05      |       |       |       |        |
| Interest coverage (EBITDA/Interest Expense - minimum 4.00:1.00)        | 35.49     |       |       |       |        |

\* Adjustments for unrealized gains and losses from investments, as defined in our credit facility, may also include non-cash gains and losses on investments to the extent that they do not represent anticipated future cash receipts or expenditures.

\*\* EBITDA and Adjusted debt are non-GAAP financial measures; however management does not use these measures for anything other than these debt covenant calculations. The calculation of EBITDA above (a reconciliation from net income attributable to common shareholders) is defined by our credit agreement, and therefore net income attributable to common shareholders is the most appropriate GAAP measure from which to reconcile to EBITDA. The calculation of Adjusted debt is defined in our credit facility and equals total debt of \$1,588.6 million plus \$30.9 million in letters of credit and a \$35.7 million bank overdraft on an unsettled fund account, which was settled in January 2014.

The discussion that follows identifies risks associated with the company's liquidity and capital resources. The Executive Overview of this Management's Discussion and Analysis of Financial Condition and Results of Operations section contains a broader discussion of the company's overall approach to risk management.

### **Credit and Liquidity Risk**

Capital management involves the management of the company's liquidity and cash flows. The company manages its capital by reviewing annual and projected cash flow forecasts and by monitoring credit, liquidity and market risks, such as interest rate and foreign currency risks (as discussed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk"), through measurement and analysis. The company is primarily exposed to credit risk through its cash and cash equivalent deposits, which are held by external firms. The company invests its cash balances in its own institutional money market products, as well as with external high credit-quality financial institutions. These arrangements create exposure to concentrations of credit risk.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is subject to credit risk in the following areas of its business:

- All cash and cash equivalent balances are subject to credit risk, as they represent deposits made by the company with external banks and other institutions. As of December 31, 2013, our maximum exposure to credit risk related to our cash and cash equivalent balances is \$1,331.2 million. See Item 8, Financial Statements and Supplementary Data - Note 21, "Related Parties," for information regarding cash and cash equivalents invested in affiliated money market funds.
- Certain subsidiaries of the company accept deposits and place deposits with other institutions on behalf of our customers. As of December 31, 2013, our exposure to credit risk related to these transactions is \$2.9 million.

The company does not utilize credit derivatives or similar instruments to mitigate the maximum exposure to credit risk. The company does not expect any counterparties to its financial instruments to fail to meet their obligations.

#### *Liquidity Risk*

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The company is exposed to liquidity risk through its \$1,588.6 million in total debt. The company actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility, scheduling significant gaps between major debt maturities and engaging external financing sources in regular dialog.

### **Effects of Inflation**

Inflation can impact our organization primarily in two ways. First, inflationary pressures can result in increases in our cost structure, especially to the extent that large expense components such as compensation are impacted. To the degree that these expense increases are not recoverable or cannot be counterbalanced through pricing increases due to the competitive environment, our profitability could be negatively impacted. Secondly, the value of the assets that we manage may be negatively impacted when inflationary expectations result in a rising interest rate environment. Declines in the values of these AUM could lead to reduced revenues as management fees are generally calculated based upon the size of AUM.

### **Off Balance Sheet Commitments**

See Item 8, Financial Statements and Supplementary Data - Note 18, "Commitments and Contingencies - Off Balance Sheet Commitments," for more information regarding undrawn capital commitments and support agreements.

## Contractual Obligations

We have various financial obligations that require future cash payments. The following table outlines the timing of payment requirements related to our commitments as of December 31, 2013 :

| \$ in millions   | Total <sup>(4,5,6)</sup> | Within<br>1 Year | 1-3 Years    | 3-5 Years    | More Than<br>5 Years |
|--|--------------------------|------------------|--------------|--------------|----------------------|
| Long-term debt <sup>(1)</sup>                                | 1,588.6                  | —                | —            | —            | 1,588.6              |
| Estimated interest payments on long-term debt <sup>(1)</sup> | 1,063.8                  | 64.3             | 128.5        | 128.5        | 742.5                |
| Operating leases <sup>(2)</sup>                              | 524.5                    | 65.2             | 129.3        | 98.7         | 231.3                |
| Purchase obligations <sup>(3)</sup>                          | 186.5                    | 81.8             | 35.2         | 22.7         | 46.8                 |
| <b>Total</b>   | <b>3,363.4</b>           | <b>211.3</b>     | <b>293.0</b> | <b>249.9</b> | <b>2,609.2</b>       |

- (1) Long-term debt includes \$1,588.6 million of fixed rate debt. Fixed interest payments are reflected in the table above in the periods they are due, and include any issuance discounts. The table above includes the company's debt; debt of CIP is excluded from the table above, as the company is not obligated for these amounts. See Item 8, Financial Statements and Supplementary Data - Note 20 , "Consolidated Investment Products," for additional information.
- (2) Operating leases reflect obligations for leased building space and other assets. See Item 8, Financial Statements and Supplementary Data - Note 13 , "Operating Leases" for sublease information.
- (3) In the ordinary course of business, Invesco enters into contracts or purchase obligations with third parties whereby the third parties provide services to or on behalf of Invesco. Purchase obligations included in the contractual obligations table above represent fixed-price contracts, which are either non-cancelable or cancelable with a penalty. At December 31, 2013 , the company's obligations primarily reflect standard service contracts for portfolio, market data, office-related services and third-party marketing and promotional services. In addition, the company is a party to certain variable-price contractual arrangements (e.g. contingent future payments based on AUM levels, number of accounts, transaction volume, etc.) for which the company is reimbursed by affiliated funds and as such are not included in the table above. Purchase obligations are recorded as liabilities in the company's Consolidated Financial Statements when services are provided.
- (4) The company has capital commitments into co-invested funds that are to be drawn down over the life of the partnership as investment opportunities are identified. At December 31, 2013 , the company's undrawn capital and purchase commitments were \$152.5 million . These are not included in the above table. See Item 8, Financial Statements and Supplementary Data - Note 18 , "Commitments and Contingencies" for additional details.
- (5) Due to the uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at December 31, 2013 , the company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$16.8 million of gross unrecognized tax benefits have been excluded from the contractual obligations table above. See Item 8, Financial Statements and Supplementary Data, Note 15 - "Taxation" for a discussion regarding income taxes.
- (6) In addition to the contractual obligations in the table above, we periodically make contributions to defined benefit pension and postretirement medical plans. For the years ended December 31, 2013 and 2012 we contributed \$15.3 million and \$13.0 million , respectively, to these plans. In 2014, we expect to contribute \$15.9 million to our defined benefit pension plans and \$2.2 million to our postretirement medical plan. See Item 8, Financial Statements and Supplementary Data - Note 12 , "Retirement Benefit Plans" for detailed benefit pension and postretirement plan information. The company has various other compensation and benefit obligations, including bonuses, commissions and incentive payments payable, defined contribution plan matching contribution obligations, and deferred compensation arrangements, that are excluded from the table above.



## Critical Accounting Policies and Estimates

Our significant accounting policies are disclosed in Item 8, Financial Statements and Supplementary Data - Note 1, "Accounting Policies." The accounting policies and estimates that we believe are the most critical to an understanding of our results of operations and financial condition are those that require complex management judgment regarding matters that are highly uncertain at the time policies were applied and estimates were made. These accounting policies and estimates are discussed below; however, the additional accounting policy detail in the footnote previously referenced is important to the discussion of each of the topics. Different estimates reasonably could have been used in the current period that would have had a material effect on these Consolidated Financial Statements, and changes in these estimates are likely to occur from period-to-period in the future.

### *Taxation*

We operate in several countries and several states and other taxing jurisdictions through our various subsidiaries, and must allocate our income, expenses, and earnings under the various laws and regulations of each of these taxing jurisdictions. Accordingly, our provision for income taxes represents our total estimate of the liability that we have incurred for doing business each year in all of our locations. Annually we file tax returns that represent our filing positions within each jurisdiction and settle our return liabilities. Each jurisdiction has the right to audit those returns and may take different positions with respect to income and expense allocations and taxable earnings determinations. Because the determinations of our annual provisions are subject to judgments and estimates, it is possible that actual results will vary from those recognized in our Consolidated Financial Statements. As a result, it is likely that additions to, or reductions of, income tax expense will occur each year for prior reporting periods as actual tax returns and tax audits are settled.

Deferred tax assets, net of any associated valuation allowance, have been recognized based on management's belief that taxable income of the appropriate character, more likely than not, will be sufficient to realize the benefits of these assets over time. In the event that actual results differ from our expectations, or if our historical trends of positive operating income changes, we may be required to record a valuation allowance on some or all of these deferred tax assets, which may have a significant effect on our financial condition and results of operations.

The company utilizes a specific recognition threshold and measurement attribute for the Consolidated Financial Statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The prescribed two-step process for evaluating a tax position involves first determining whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities. If it is, the second step then requires a company to measure this tax position benefit as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The company recognizes any interest and penalties related to unrecognized tax benefits on the Consolidated Statements of Income as components of income tax expense.

### *Goodwill*

Our goodwill impairment testing conducted during 2013 and 2012 indicated that the fair value of the reporting unit exceeded its carrying value, indicating that step two of the goodwill impairment test was not necessary; however, the company cannot predict the occurrence of future events that might adversely affect the reported value of goodwill that totaled \$6,867.3 million and \$7,048.2 million at December 31, 2013 and December 31, 2012, respectively. Such events include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on the company's AUM, or any other material negative change in AUM and related management fees.

The October 1, 2013 annual goodwill impairment test was performed using a consistent methodology to that used for the 2012 annual impairment test, with assumptions updated for current market conditions, including the company's updated forecasts for changes in AUM due to market gains and long-term net flows and the corresponding changes in revenue and expenses. Market gains are based upon historical returns of the S&P 500 index, treasury bond returns and treasury bill returns, as applicable to the company's AUM mix on the testing date. The most sensitive of these assumptions are the estimated cash flows and the use of a weighted average cost of capital as the discount rate to determine present value. The most significant changes in assumptions from 2012 related to a decrease in the equity risk premium and an increase in the risk free rate (30-year Treasury rate), which resulted in a discount rate of 13.6% for the October 1, 2013 analysis (2012: 14.4%). The discount rates used are estimates of the weighted average cost of capital for the investment management sector reflecting the overall industry risks associated with future cash flows and have been calculated consistently across the various tests dates. While the company believes all assumptions utilized in our assessment are reasonable and appropriate, changes in these estimates could produce different fair value amounts and therefore different goodwill impairment assessments.

### *Intangible Assets*

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. 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. A change in the remaining useful life of any of these assets, or the reclassification of an indefinite-lived intangible asset to a definite-lived intangible asset, could have a significant impact on the company's amortization expense from continuing operations, which was \$15.4 million, \$25.5 million and \$35.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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. The income approach includes inputs that require significant management judgment, including AUM growth rates, product mix, effective fee rates, pre-tax profit margins, effective tax rates and discount rates. The most relevant of these assumptions to the determination of the estimated fair value are the AUM growth rate and discount rate. Changes in these estimates could produce different fair value amounts and therefore different impairment conclusions. In 2013 and 2012, annual impairment reviews of indefinite-lived intangible assets determined that no impairment existed at the respective review dates, the classifications of indefinite-lived and definite-lived remain appropriate, and no changes to the expected lives of the definite-lived intangible assets were required.

### *Investments*

Most of our investments are carried at fair value on our balance sheet with the periodic mark-to-market recorded either in accumulated other comprehensive income in the case of available-for-sale investments, or directly to earnings, in the case of trading assets. Since assumptions are made in determining the fair values of investments for which active markets do not exist, the actual value that may be realized upon the sale or other disposition of these investments could differ from the current carrying values. Fair value calculations are also required in association with our quarterly impairment testing of investments. The accuracy of our other-than-temporary impairment assessments is dependent upon the extent to which we are able to accurately determine fair values. Of our \$839.7 million in total investments at December 31, 2013, those most susceptible to impairment include \$233.8 million of seed money investments in our affiliated funds. Seed money investments are held in Invesco managed funds with the purpose of providing capital to the funds during their development periods. These investments are recorded at fair value using quoted market prices in active markets; there is no modeling or additional information needed to arrive at the fair values of these investments.

The value of investments may decline for various reasons. The market price may be affected by general market conditions which reflect prospects for the economy as a whole or by specific information pertaining to an industry or individual company. Such declines require further investigation by management, which considers all available evidence to evaluate the realizable value of the investment, including, but not limited to, the following factors:

- The probability that the company will be unable to collect all amounts due according to the contractual terms of a debt security not impaired at acquisition;
- The length of time and the extent to which the market value has been less than cost;
- The financial condition and near-term prospects of the issuer, including any specific events which may influence the operations of the issuer;
- The intent and ability of the company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value;
- The decline in the security's value due to an increase in market interest rates or a change in foreign exchange rates since acquisition;
- Determination that the security is not realizable; or
- An adverse change in estimated cash flows of a beneficial interest.

Our other-than-temporary impairment analysis of seed money holdings includes a review of the market returns required for each fund portfolio to enable us to recover our original investment. As part of the review, we analyze several scenarios to project the anticipated recovery period of our original investments based on one-, three-, and five-year historical index returns and historical trends in the equity markets. We also analyze the absolute amount of any loss to date, the trend of the losses, and percent declines

in values of the seed money investments. Along with intent and ability to hold, all of these scenarios are considered as part of our other-than-temporary impairment analysis of seed money holdings.

### *CIP*

Assessing if an entity is a variable interest entity (VIE) or voting interest entity (VOE) involves judgment and analysis on a structure-by-structure basis. Factors included in this assessment include the legal organization of the entity, the company's contractual involvement with the entity and any related party or de facto agent implications of the company's involvement with the entity. Generally, limited partnership entities where the general partner does not have substantive equity investment at risk and where the other limited partners do not have substantive (greater than 50%) rights to remove the general partner or to dissolve the limited partnership are VIEs.

Determining if the company is the primary beneficiary of a VIE also requires significant judgment, as the calculation of expected losses and residual returns (for investment products other than CLOs) involves estimation and probability assumptions. For CLOs, there is judgment involved to assess if the company has the power to direct the activities that most significantly affect the CLOs economic results and to assess if the company's interests could be deemed significant. If current financial statements are not available for consolidated VIEs or VOEs, estimation of investment valuation is required, which includes assessing available quantitative and qualitative data. Significant changes in these estimates could impact the reported value of the investments held by CIP and the related offsetting equity attributable to noncontrolling interests in consolidated entities on the Consolidated Balance Sheets and the other gains and losses of CIP, net, and related offsetting gains and losses attributable to noncontrolling interests in consolidated entities, net, amounts on the Consolidated Statements of Income.

As of December 31, 2013, the company consolidated VIEs that held investments of \$4,277.7 million (December 31, 2012 : \$3,983.9 million) and VOE fund investments of \$512.2 million (December 31, 2012 : \$607.9 million). As circumstances supporting estimates and factors change, the determination of VIE and primary beneficiary status may change, as could the determination of the necessity of consolidation of VOEs. Estimation is involved when determining investment and debt valuation for certain CIP; however, changes in the fair values of these amounts are largely offset by noncontrolling interests.

### *Contingencies*

Contingencies arise when we have a present obligation (legal or constructive) as a result of a past event that is both probable and reasonably estimable. We must from time to time make material estimates with respect to legal and other contingencies. The nature of our business requires compliance with various laws and regulations, as well as various contractual obligations, and exposes us to a variety of legal proceedings and matters in the ordinary course of business. While the outcomes of matters such as these are inherently uncertain and difficult to predict, we maintain reserves reflected in accounts payable and accrued expenses, as appropriate, for identified losses that are, in our judgment, probable and reasonably estimable. We expense any related legal fees as they are incurred. Management's judgment is based on the advice of legal counsel, ruling on various motions by the applicable court, review of the outcome of similar matters, if applicable, and review of guidance from governmental and other regulatory authorities, if applicable. Contingent consideration payable in relation to a business acquisition is recorded as of the acquisition date as part of the fair value transferred in exchange for the acquired business.

### **Recent Accounting Standards**

See Item 8, Financial Statements and Supplementary Data - Note 1, "Accounting Policies - Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements."

### **Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

In the normal course of its business, the company is primarily exposed to market risk in the form of AUM market price risk, securities market risk, interest rate risk, and foreign exchange rate risk.

#### **AUM Market Price Risk**

The company's investment management revenues are comprised of fees based on the value of AUM. Declines in the market prices of equity and fixed income securities, commodities and derivatives, or other similar financial instruments held in client portfolios could cause revenues to decline because of lower investment management fees by:

- Causing the value of AUM to decrease.
- Causing the returns realized on AUM to decrease (impacting performance fees).

- Causing clients to withdraw funds in favor of investments in markets that they perceive to offer greater opportunity and that the company does not serve.
- Causing clients to rebalance assets away from investments that the company manages into investments that the company does not manage.
- Causing clients to reallocate assets away from products that earn higher revenues into products that earn lower revenues.

Underperformance of client accounts relative to competing products could exacerbate these factors.

Assuming the revenue yield on AUM for the year remains unchanged, a 10% decline in the average AUM for the year would result in a corresponding decline in revenue. Certain expenses, including distribution and compensation expenses, may not vary in proportion with the changes in the market value of AUM. As such, the impact on operating margin or net income of a decline in the market values of AUM may be greater or less than the percentage decline in the market value of AUM.

### Securities Market Risk

The company has investments in managed investment products that invest in a variety of asset classes. Investments are generally made to establish a track record for a new fund or investment vehicle or to hedge economically exposure to certain deferred compensation plans. The company's exposure to market risk from financial instruments measured at fair value arises from its investments. The following table summarizes the impact of a 10% increase or decrease in the fair values of these investments:

| \$ in millions   | December 31, 2013 |                                  |                                  |
|--|-------------------|----------------------------------|----------------------------------|
|  | Fair Value        | Fair Value assuming 10% increase | Fair Value assuming 10% decrease |
| Available-for-sale investments <sup>(a)</sup>                                  | 244.1             | 268.5                            | 219.7                            |
| Trading investments <sup>(b)</sup>   | 253.0             | 278.3                            | 227.7                            |
| Total assets measured at fair value exposed to market risk                     | 497.1             | 546.8                            | 447.4                            |
| Direct investments in CSIP and CIP <sup>(c)</sup>                              | 147.1             | 161.8                            | 132.4                            |
| Total liabilities measured at fair value exposed to market risk <sup>(d)</sup> | (2.0)             | (2.2)                            | (1.8)                            |

- Any 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 if 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 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, and the intent and ability of the company to hold the security for a period of time sufficient for a recovery in value. 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 Consolidated Statement of Income. If such a 10% increase or decrease in fair values were to occur, it would not result in an other-than-temporary impairment charge that would be material to our pre-tax earnings.
- If such a 10% increase or decrease in fair values were to occur, the change attributable to \$253.0 million of these trading investments would result in a corresponding increase or decrease in our pre-tax earnings. At December 31, 2013, \$249.7 million of these trading investments are held to hedge economically certain deferred compensation plans in which the company participates. The company recognizes as compensation expense the appreciation or depreciation of the compensation liability over the award's vesting period in proportion to the vested amount of the award. The company immediately recognizes the appreciation or depreciation of these investments, which is included in other gains and losses. This creates a timing difference between the recognition of the compensation expense and the investment gain or loss impacting net income, which will reverse and will offset to zero over the life of the award at the end of the multi-year vesting period.
- These represent Invesco's direct investments in investment products that are consolidated. Upon consolidation, these direct investments are eliminated, and the assets and liabilities of the CIP and CSIP are consolidated in the Consolidated Balance Sheet, together with a noncontrolling interest balance representing the portion of the CIP and CSIP owned by third parties. If a 10% increase or decrease in the fair values of Invesco's direct investments in CIP and CSIP were to occur, it would result in a corresponding increase or decrease in our net income attributable to common shareholders.

- d. Liabilities measured at fair value include UIT-related financial instruments sold, not yet purchased and a note payable. See Item 8, Financial Statements and Supplementary Data, Note 2, "Fair Value of Assets and Liabilities," for additional details.

Cash balances invested in money market funds of \$447.8 million have been excluded from the table above. These are valued under the market approach at the net asset value of the underlying funds, which is maintained at \$1. Assets held for policyholders of \$1,416.0 million have also been excluded from the table above. 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 and the policyholder payables held by this business 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. Increases or decreases in the fair value of these investments will therefore have no impact to our pre-tax earnings.

### Interest Rate Risk

Interest rate risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk primarily through its external debt and cash and cash equivalent investments. On December 31, 2013, the interest rates on 100.0% of the company's borrowings were fixed for a weighted average period of 14.6 years. Borrowings under the credit facility will have floating interest rates. The interest rate profile of the financial assets of the company on December 31, 2013, was:

| \$ in millions                    | December 31, 2013 |  |  |
|-----------------------------------|-------------------|--|--|
|                                   | Carrying Value    | Fair Value assuming a +1% interest rate change | Fair Value assuming a -1% interest rate change |
| Available-for-sale investments: * |                   |  |  |
| Collateralized loan obligations   | 4.0               | 4.0  | 4.0  |
| Foreign time deposits             | 28.8              | 29.1   | 28.8   |
| Total investments                 | 32.8              | 33.1   | 32.8   |

\* Other debt securities, as of the year ended December 31, 2013, of \$6.3 million are not included in the table above as they are valued using a cost valuation technique. See Item 8, Financial Statements and Supplementary Data - Note 2, "Fair Value of Assets and Liabilities-Available-for-sale-investments" for more information on other debt securities.

The interest rate profile of the financial liabilities of the company on December 31 was:

| \$ in millions   | December 31, 2013 | December 31, 2012 |
|--|-------------------|-------------------|
| Long-term debt   |                   |                   |
| Fixed rate   | 1,588.6           | 599.5             |
| Floating rate  | —                 | 586.5             |
| Total  | 1,588.6           | 1,186.0           |
| Weighted average interest rate percentage                | 4.0%              | 2.3%              |
| Weighted average period for which rate is fixed in years | 14.6              | 9.9               |

See Item 8, Financial Statements and Supplementary Data, Note 8, "Debt" for additional disclosures relating to the U.S. dollar floating and fixed rate obligations.

The company's only fixed interest financial assets at December 31, 2013, are foreign time deposit investments of \$28.8 million (2012: \$31.3 million). The weighted average interest rate on these investments is 0.68% (2012: 0.77%) and the weighted average time for which the rate is fixed is 0.2 years (2012: 0.2 years).

### Foreign Exchange Rate Risk

The company has transactional currency exposures that occur when any of the company's subsidiaries receive or pay cash in a currency different from its functional currency. Such exposure arises from sales or purchases by operating subsidiaries in currencies other than the subsidiaries' functional currencies. These exposures are not actively managed.

The company also has certain investments in foreign operations, whose net assets and results of operations are exposed to foreign currency translation risk when translated into U.S. dollars upon consolidation into Invesco Ltd. The company generally does not hedge these exposures; however, during 2012, the company began purchasing put option contracts to hedge economically foreign currency risk on the translation of its pound sterling-denominated earnings into U.S. dollars. The economic hedge is predominantly triggered upon the impact of a significant decline in the pound sterling/U.S. dollar foreign exchange rate, which could arise as a result of European economic uncertainty. See Item 8, Financial Statements and Supplementary Data, Note 2, "Fair Value of Assets and Liabilities - Put Option Contracts," for additional information.

The company is exposed to foreign exchange revaluation into the Consolidated Statements of Income on monetary assets and liabilities that are held by subsidiaries in different functional currencies than the subsidiaries' functional currencies. Net foreign exchange revaluation losses were \$0.8 million in 2013 ( 2012 : \$1.7 million of losses), and are included in general and administrative expenses and other gains and losses, net on the Consolidated Statements of Income. We continue to monitor our exposure to foreign exchange revaluation.

## Supplementary Quarterly Financial Data

The following is selected unaudited consolidated data for Invesco Ltd. for the quarters indicated:

| \$ in millions, except per share data   | 2013     |          |          |          | 2012     |          |          |          |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
|   | Q4       | Q3       | Q2       | Q1       | Q4       | Q3       | Q2       | Q1       |
| <b>Operating revenues:</b>  |          |          |          |          |          |          |          |          |
| Investment management fees  | 955.1    | 914.4    | 885.5    | 844.6    | 818.2    | 790.6    | 753.2    | 765.8    |
| Service and distribution fees   | 230.1    | 220.7    | 215.7    | 206.3    | 199.5    | 196.0    | 187.1    | 189.0    |
| Performance fees  | 8.7      | 5.1      | 6.0      | 36.1     | 2.4      | 3.0      | 15.6     | 20.4     |
| Other   | 31.2     | 31.6     | 28.3     | 25.2     | 26.6     | 24.3     | 25.9     | 32.8     |
| Total operating revenues  | 1,225.1  | 1,171.8  | 1,135.5  | 1,112.2  | 1,046.7  | 1,013.9  | 981.8    | 1,008.0  |
| <b>Operating expenses:</b>  |          |          |          |          |          |          |          |          |
| Employee compensation   | 333.4    | 330.3    | 324.1    | 341.5    | 322.0    | 315.2    | 288.3    | 302.5    |
| Third-party distribution, service and advisory  | 396.2    | 380.9    | 366.0    | 346.1    | 350.0    | 326.2    | 315.6    | 316.4    |
| Marketing   | 30.0     | 22.6     | 23.8     | 22.2     | 23.1     | 26.3     | 26.4     | 26.4     |
| Property, office and technology   | 85.8     | 71.9     | 68.6     | 66.5     | 70.1     | 66.1     | 65.3     | 63.6     |
| General and administrative  | 86.4     | 80.1     | 77.3     | 67.5     | 73.4     | 66.2     | 85.3     | 71.2     |
| Transaction and integration   | —        | —        | 1.8      | 1.4      | 2.6      | 3.0      | 1.1      | 1.5      |
| Total operating expenses  | 931.8    | 885.8    | 861.6    | 845.2    | 841.2    | 803.0    | 782.0    | 781.6    |
| Operating income  | 293.3    | 286.0    | 273.9    | 267.0    | 205.5    | 210.9    | 199.8    | 226.4    |
| <b>Other income/(expense):</b>  |          |          |          |          |          |          |          |          |
| Equity in earnings of unconsolidated affiliates                                       | 10.2     | 10.3     | 6.9      | 8.1      | 7.9      | 5.2      | 6.9      | 9.7      |
| Interest and dividend income  | 3.3      | 2.4      | 2.1      | 2.2      | 2.7      | 2.5      | 2.2      | 2.4      |
| Interest expense  | (15.2)   | (9.7)    | (10.0)   | (9.7)    | (12.7)   | (12.6)   | (13.4)   | (13.6)   |
| Other gains and losses, net   | (18.9)   | 3.4      | 0.4      | 17.7     | (21.0)   | 18.4     | (7.7)    | 18.6     |
| Other income/(loss) of CSIP, net  | 3.5      | (0.6)    | —        | —        | —        | —        | —        | —        |
| <b>CIP:</b>   |          |          |          |          |          |          |          |          |
| Interest and dividend income of CIP   | 42.5     | 46.5     | 50.7     | 50.3     | 52.1     | 68.7     | 68.7     | 69.0     |
| Interest expense of CIP   | (26.5)   | (33.5)   | (30.6)   | (32.7)   | (33.9)   | (41.9)   | (46.9)   | (45.6)   |
| Other gains/(losses) of CIP, net  | 46.4     | 38.2     | (1.6)    | (21.1)   | (27.8)   | (25.2)   | 77.2     | (121.9)  |
| Income from continuing operations before income taxes                                 | 338.6    | 343.0    | 291.8    | 281.8    | 172.8    | 226.0    | 286.8    | 145.0    |
| Income tax provision  | (74.2)   | (92.9)   | (83.5)   | (86.3)   | (55.6)   | (72.3)   | (61.2)   | (72.3)   |
| Income from continuing operations, net of taxes                                       | 264.4    | 250.1    | 208.3    | 195.5    | 117.2    | 153.7    | 225.6    | 72.7     |
| Income from discontinued operations, net of taxes                                     | 66.4     | (1.4)    | (4.6)    | 4.1      | 10.8     | 3.2      | 2.0      | 2.1      |
| Net income  | 330.8    | 248.7    | 203.7    | 199.6    | 128.0    | 156.9    | 227.6    | 74.8     |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | (43.4)   | (20.6)   | (1.1)    | 22.6     | 30.7     | 13.7     | (73.7)   | 119.1    |
| Net income attributable to common shareholders  | 287.4    | 228.1    | 202.6    | 222.2    | 158.7    | 170.6    | 153.9    | 193.9    |
| <b>Earnings per share*:</b>   |          |          |          |          |          |          |          |          |
| <b>Basic</b>  |          |          |          |          |          |          |          |          |
| Earnings per share from continuing operations   | \$0.50   | \$0.51   | \$0.46   | \$0.49   | \$0.33   | \$0.37   | \$0.33   | \$0.42   |
| Earnings per share from discontinued operations                                       | \$0.15   | \$—      | (\$0.01) | \$0.01   | \$0.02   | \$0.01   | \$—      | \$—      |
| Basic earnings per share  | \$0.65   | \$0.51   | \$0.45   | \$0.50   | \$0.35   | \$0.38   | \$0.34   | \$0.43   |
| <b>Diluted</b>  |          |          |          |          |          |          |          |          |
| Earnings per share from continuing operations   | \$0.50   | \$0.51   | \$0.46   | \$0.49   | \$0.33   | \$0.37   | \$0.33   | \$0.42   |
| Earnings per share from discontinued operations                                       | \$0.15   | \$—      | (\$0.01) | \$0.01   | \$0.02   | \$0.01   | \$—      | \$—      |
| Diluted earnings per share  | \$0.64   | \$0.51   | \$0.45   | \$0.49   | \$0.35   | \$0.38   | \$0.34   | \$0.43   |
| <b>Average shares outstanding*:</b>   |          |          |          |          |          |          |          |          |
| - basic   | 445.0    | 447.9    | 449.1    | 447.8    | 449.9    | 451.3    | 453.8    | 454.3    |
| - diluted   | 445.9    | 448.8    | 450.1    | 449.0    | 451.2    | 452.8    | 455.3    | 455.9    |
| <b>Dividends declared per share:</b>  | \$0.2250 | \$0.2250 | \$0.2250 | \$0.1725 | \$0.1725 | \$0.1725 | \$0.1725 | \$0.1225 |

\* The sum of the quarterly earnings per share amounts may differ from the annual earnings per share amounts due to the required method of

computing the weighted average number of shares in interim periods.



**Item 8. Financial Statements and Supplementary Data****Index to 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, 2013 . 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 (1992)* . Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2013 .

The company's independent auditors, PricewaterhouseCoopers 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 2013 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.

In our opinion, the accompanying consolidated balance sheet as of December 31, 2013 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended present fairly, in all material respects, the financial position of Invesco Ltd. (the "Company") at December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, 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 opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated 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 the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

/s/ PricewaterhouseCoopers LLP

Atlanta, Georgia  
February 21, 2014

**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, 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2012. 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, 2012, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 22, 2013, except for Note 23 , as it relates to the two years in the period ended December 31, 2012, and Note 24 , as to which the date is November 6, 2013

**Invesco Ltd.**  
**Consolidated Balance Sheets**

| \$ in millions, except per share data   | As of             |                   |
|---|-------------------|-------------------|
|   | December 31, 2013 | December 31, 2012 |
| <b>ASSETS</b>   |                   |                   |
| Cash and cash equivalents   | 1,331.2           | 835.5             |
| Unsettled fund receivables  | 932.4             | 550.1             |
| Accounts receivable   | 500.8             | 449.4             |
| Investments   | 839.7             | 610.7             |
| Assets of consolidated sponsored investment products (CSIP)   | 108.5             | —                 |
| Assets of consolidated investment products (CIP):   |                   |                   |
| Cash and cash equivalents of CIP  | 583.6             | 287.8             |
| Accounts receivable and other assets of CIP   | 58.3              | 84.1              |
| Investments of CIP  | 4,734.7           | 4,550.6           |
| Assets held for policyholders   | 1,416.0           | 1,153.6           |
| Prepaid assets  | 101.4             | 99.9              |
| Other assets  | 174.7             | 146.8             |
| Deferred tax asset, net   | 7.4               | 38.4              |
| Property and equipment, net   | 350.8             | 349.6             |
| Intangible assets, net  | 1,263.7           | 1,287.7           |
| Goodwill  | 6,867.3           | 7,048.2           |
| Total assets  | 19,270.5          | 17,492.4          |
| <b>LIABILITIES</b>  |                   |                   |
| Accrued compensation and benefits   | 676.4             | 609.8             |
| Accounts payable and accrued expenses   | 763.1             | 626.4             |
| Liabilities of CIP:   |                   |                   |
| Debt of CIP   | 4,181.7           | 3,899.4           |
| Other liabilities of CIP  | 461.8             | 104.3             |
| Policyholder payables   | 1,416.0           | 1,153.6           |
| Unsettled fund payables   | 882.0             | 552.5             |
| Long-term debt  | 1,588.6           | 1,186.0           |
| Deferred tax liabilities, net   | 323.6             | 311.4             |
| Total liabilities   | 10,293.2          | 8,443.4           |
| Commitments and contingencies (See Note 18)   |                   |                   |
| <b>EQUITY</b>   |                   |                   |
| 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, 2013, and 2012) | 98.1              | 98.1              |
| Additional paid-in-capital  | 6,100.8           | 6,141.0           |
| Treasury shares   | (1,700.4)         | (1,382.9)         |
| Retained earnings   | 3,361.9           | 2,801.3           |
| Retained earnings appropriated for investors in CIP   | 104.3             | 128.8             |
| Accumulated other comprehensive income, net of tax  | 427.9             | 530.5             |
| Total equity attributable to common shareholders  | 8,392.6           | 8,316.8           |
| Equity attributable to noncontrolling interests in consolidated entities  | 584.7             | 732.2             |
| Total equity  | 8,977.3           | 9,049.0           |
| Total liabilities and equity  | 19,270.5          | 17,492.4          |

See accompanying notes.



**Invesco Ltd.**  
**Consolidated Statements of Income**

| \$ in millions, except per share data   | Years ended December 31, |          |          |
|---|--------------------------|----------|----------|
|   | 2013                     | 2012     | 2011     |
| <b>Operating revenues:</b>  |                          |          |          |
| Investment management fees  | 3,599.6                  | 3,127.8  | 3,040.7  |
| Service and distribution fees   | 872.8                    | 771.6    | 780.2    |
| Performance fees  | 55.9                     | 41.4     | 26.0     |
| Other   | 116.3                    | 109.6    | 135.4    |
| Total operating revenues  | 4,644.6                  | 4,050.4  | 3,982.3  |
| <b>Operating expenses:</b>  |                          |          |          |
| Employee compensation   | 1,329.3                  | 1,228.0  | 1,180.7  |
| Third-party distribution, service and advisory                                      | 1,489.2                  | 1,308.2  | 1,279.4  |
| Marketing   | 98.6                     | 102.2    | 85.3     |
| Property, office and technology   | 292.8                    | 265.1    | 242.9    |
| General and administrative  | 311.3                    | 296.1    | 282.5    |
| Transaction and integration   | 3.2                      | 8.2      | 29.4     |
| Total operating expenses  | 3,524.4                  | 3,207.8  | 3,100.2  |
| Operating income  | 1,120.2                  | 842.6    | 882.1    |
| <b>Other income/(expense):</b>  |                          |          |          |
| Equity in earnings of unconsolidated affiliates                                     | 35.5                     | 29.7     | 30.5     |
| Interest and dividend income  | 10.0                     | 9.8      | 11.0     |
| Interest expense  | (44.6)                   | (52.3)   | (61.8)   |
| Other gains and losses, net   | 2.6                      | 8.3      | 49.0     |
| Other income/(loss) of CSIP, net  | 2.9                      | —        | —        |
| <b>CIP:</b>   |                          |          |          |
| Interest and dividend income of CIP   | 190.0                    | 258.5    | 307.2    |
| Interest expense of CIP   | (123.3)                  | (168.3)  | (187.0)  |
| Other gains/(losses) of CIP, net  | 61.9                     | (97.7)   | (138.9)  |
| Income from continuing operations before income taxes                               | 1,255.2                  | 830.6    | 892.1    |
| Income tax provision  | (336.9)                  | (261.4)  | (280.0)  |
| Income from continuing operations, net of taxes                                     | 918.3                    | 569.2    | 612.1    |
| Income from discontinued operations, net of taxes                                   | 64.5                     | 18.1     | 9.9      |
| Net income  | 982.8                    | 587.3    | 622.0    |
| Net (income)/loss attributable to noncontrolling interests in consolidated entities | (42.5)                   | 89.8     | 107.7    |
| Net income attributable to common shareholders                                      | 940.3                    | 677.1    | 729.7    |
| <b>Earnings per share:</b>  |                          |          |          |
| <b>Basic:</b>   |                          |          |          |
| Earnings per share from continuing operations                                       | \$1.96                   | \$1.46   | \$1.55   |
| Earnings per share from discontinued operations                                     | \$0.14                   | \$0.04   | \$0.02   |
| Basic earnings per share  | \$2.10                   | \$1.50   | \$1.58   |
| <b>Diluted:</b>   |                          |          |          |
| Earnings per share from continuing operations                                       | \$1.95                   | \$1.45   | \$1.55   |
| Earnings per share from discontinued operations                                     | \$0.14                   | \$0.04   | \$0.02   |
| Diluted earnings per share  | \$2.10                   | \$1.49   | \$1.57   |
| Dividends declared per share  | \$0.8475                 | \$0.6400 | \$0.4775 |

See accompanying notes.





**Invesco Ltd .**  
**Consolidated Statements of Comprehensive Income**

| \$ in millions  | Years ended December 31, |       |         |
|---|--------------------------|-------|---------|
|   | 2013                     | 2012  | 2011    |
| Net income  | 982.8                    | 587.3 | 622.0   |
| <b>Other comprehensive income/(loss), before tax:</b>   |                          |       |         |
| Currency translation differences on investments in foreign subsidiaries   | (121.9)                  | 145.0 | (48.8)  |
| Actuarial (loss)/gain related to employee benefit plans   | 7.0                      | (4.8) | (41.9)  |
| Reclassification of amortization of prior service costs/(credit) into employee compensation expense                       | (1.9)                    | (2.0) | (2.0)   |
| Reclassification of amortization of actuarial (gains)/losses into employee compensation expense                           | 2.3                      | 2.4   | 1.5     |
| Share of other comprehensive income/(loss) of equity method investments   | (3.9)                    | 6.4   | (7.2)   |
| Unrealized (losses)/gains on available-for-sale investments   | 13.6                     | 14.0  | (12.2)  |
| Reclassification of net (gains)/losses realized on available-for-sale investments included in other gains and losses, net | (3.2)                    | (3.9) | (0.1)   |
| Other comprehensive income/(loss), before tax   | (108.0)                  | 157.1 | (110.7) |
| <b>Income tax related to items of other comprehensive income/(loss):</b>  |                          |       |         |
| Tax benefit/(expense) on foreign currency translation adjustments   | (0.4)                    | 0.6   | 0.5     |
| Tax on actuarial (loss)/gain related to employee benefit plans  | (5.8)                    | (0.1) | 9.5     |
| Reclassification of tax on amortization of prior service costs/(credit) into income tax provision                         | 0.4                      | 0.5   | (0.7)   |
| Reclassification of tax on amortization of actuarial (gains)/losses into income tax provision                             | (0.5)                    | (0.6) | 0.5     |
| Tax on net unrealized (losses)/gains on available-for-sale investments  | (0.5)                    | (1.0) | 1.7     |
| Reclassification of tax on net (gains)/losses realized on available-for-sale investments included in income tax provision | (0.9)                    | (0.2) | 0.1     |
| Total income tax benefit/(expense) related to items of other comprehensive income   | (7.7)                    | (0.8) | 11.6    |
| Other comprehensive income/(loss), net of tax   | (115.7)                  | 156.3 | (99.1)  |
| Total comprehensive income/(loss)   | 867.1                    | 743.6 | 522.9   |
| Comprehensive loss/(income) attributable to noncontrolling interests in consolidated entities                             | (29.4)                   | 90.7  | 84.6    |
| Comprehensive income attributable to common shareholders  | 837.7                    | 834.3 | 607.5   |

See accompanying notes.

**Invesco Ltd.**  
**Consolidated Statements of Cash Flows**

| \$ in millions  | Years ended December 31, |           |           |
|---|--------------------------|-----------|-----------|
|   | 2013                     | 2012      | 2011      |
| <b>Operating activities:</b>  |                          |           |           |
| Net income  | 982.8                    | 587.3     | 622.0     |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: |                          |           |           |
| Amortization and depreciation   | 88.4                     | 95.0      | 117.4     |
| Share-based compensation expense  | 133.1                    | 136.4     | 115.1     |
| (Gain)/loss on disposal of business, property and equipment, net                            | (64.8)                   | (0.9)     | (5.8)     |
| Other gains and losses, net   | (36.4)                   | (8.3)     | (49.0)    |
| Call premium on debt extinguishment   | —                        | (23.0)    | —         |
| Other (gains)/losses of CIP, net  | (61.9)                   | 97.7      | 138.9     |
| Equity in earnings of unconsolidated affiliates   | (35.5)                   | (29.7)    | (30.5)    |
| Dividends from unconsolidated affiliates  | 16.5                     | 15.6      | 21.3      |
| Changes in operating assets and liabilities:  |                          |           |           |
| (Increase)/decrease in cash held by CIP   | (298.9)                  | (36.2)    | 264.2     |
| (Increase)/decrease in cash held by CSIP  | (10.1)                   | —         | —         |
| (Purchase)/sale of trading investments, net   | 5.4                      | (7.2)     | (11.0)    |
| (Increase)/decrease in receivables  | (593.1)                  | 113.8     | 213.4     |
| Increase/(decrease) in payables   | 654.7                    | (121.2)   | (431.2)   |
| Net cash provided by/(used in) operating activities   | 780.2                    | 819.3     | 964.8     |
| <b>Investing activities:</b>  |                          |           |           |
| Purchase of property and equipment  | (88.2)                   | (99.3)    | (107.0)   |
| Disposal of property and equipment  | —                        | 0.6       | 12.6      |
| Purchase of available-for-sale investments  | (132.3)                  | (85.9)    | (31.4)    |
| Sale of available-for-sale investments  | 26.9                     | 50.6      | 60.2      |
| Purchase of investments by CIP  | (4,465.4)                | (3,252.0) | (2,991.4) |
| Sale of investments by CIP  | 4,440.4                  | 3,346.8   | 3,479.0   |
| Purchase of investments by CSIP   | (116.5)                  | —         | —         |
| Sale of investments by CSIP   | 66.9                     | —         | —         |
| Purchase of other investments   | (239.1)                  | (126.0)   | (143.4)   |
| Sale of other investments   | 94.3                     | 83.6      | 64.6      |
| Returns of capital and distributions from unconsolidated partnership investments            | 38.0                     | 20.0      | 36.6      |
| Acquisitions of businesses  | —                        | —         | (14.9)    |
| Acquisition earn-out payments   | (1.9)                    | (37.2)    | (16.8)    |
| Sale of management contracts  | —                        | 16.4      | —         |
| Sale of business  | 137.0                    | —         | —         |
| Net cash provided by/(used in) investing activities   | (239.9)                  | (82.4)    | 348.1     |
| <b>Financing activities:</b>  |                          |           |           |
| Proceeds from exercises of share options  | 17.9                     | 23.0      | 12.4      |
| Purchases of treasury shares  | (470.5)                  | (265.0)   | (436.5)   |
| Dividends paid  | (379.7)                  | (289.0)   | (220.9)   |
| Excess tax benefits from share-based compensation   | 21.6                     | 12.7      | 14.7      |
| Overdraft on unsettled fund account   | 35.7                     | —         | —         |
| Capital invested into CIP   | 17.7                     | 20.0      | 37.2      |
| Capital distributed by CIP  | (191.5)                  | (277.0)   | (172.4)   |
| Capital invested into CSIP  | 3.9                      | —         | —         |
| Borrowings of debt of CIP   | 1,365.4                  | 835.2     | —         |
| Repayments of debt of CIP   | (874.8)                  | (602.7)   | (513.3)   |
| Net borrowings/(repayments) under credit facility   | (586.5)                  | 47.5      | (31.0)    |
| Net proceeds from issuance of senior notes  | 981.5                    | 595.1     | —         |
| Repayments of senior notes  | —                        | (745.7)   | —         |

|  |         |         |           |
|--|---------|---------|-----------|
| Acquisition of interest in CIP                         | —       | —       | (12.3)    |
| Net cash provided by/(used in) financing activities    | (59.3)  | (645.9) | (1,322.1) |
| Increase/(decrease) in cash and cash equivalents       | 481.0   | 91.0    | (9.2)     |
| Foreign exchange movement on cash and cash equivalents | 14.7    | 17.1    | (3.9)     |
| Cash and cash equivalents, beginning of year           | 835.5   | 727.4   | 740.5     |
| Cash and cash equivalents, end of year                 | 1,331.2 | 835.5   | 727.4     |
| Supplemental Cash Flow Information:                    |         |         |           |
| Interest paid  | (32.4)  | (52.8)  | (53.5)    |
| Interest received                                      | 5.4     | 5.1     | 14.5      |
| Taxes paid   | (268.9) | (214.4) | (199.8)   |

See accompanying notes.

**Invesco Ltd.**  
**Consolidated Statements of Changes in Equity**

| \$ in millions  | Equity Attributable to Common Shareholders |                                   |                    |                      |   |   |   | Nonredeemable<br>Noncontrolling<br>Interests in<br>Consolidated<br>Entities | Total<br>Equity |
|---|--|-----------------------------------|--------------------|----------------------|---|---|---|---|-----------------|
|   | Co<br>mmon<br>Shares                       | Additional<br>Paid-in-<br>Capital | Treasury<br>Shares | Retained<br>Earnings | Retained<br>Earnings<br>Appropriated<br>for Investors in<br>CIP | Accumulated<br>Other<br>Comprehensive<br>Income | Total Equity<br>Attributable<br>to Common<br>Shareholders |   |                 |
| January 1, 2013   | 98.1                                       | 6,141.0                           | (1,382.9)          | 2,801.3              | 128.8   | 530.5   | 8,316.8   | 732.2   | 9,049.0         |
| Net income  | —  | —                                 | —                  | 940.3                | —   | —   | 940.3   | 42.5  | 982.8           |
| Other comprehensive income (loss)                                   | —  | —                                 | —                  | —                    | —   | (102.6)   | (102.6)   | (13.1)  | (115.7)         |
| Total comprehensive income (loss)                                   | —  | —                                 | —                  | —                    | —   | —   | 837.7   | 29.4  | 867.1           |
| Net income (loss) reclassified to<br>appropriated retained earnings | —  | —                                 | —                  | —                    | (1.4)   | —   | (1.4)   | 1.4   | —               |
| Deconsolidation of CIP  | —  | —                                 | —                  | —                    | (23.1)  | —   | (23.1)  | (27.7)  | (50.8)          |
| Change in noncontrolling interests<br>in consolidated entities, net | —  | —                                 | —                  | —                    | —   | —   | —   | (150.6)   | (150.6)         |
| Dividends   | —  | —                                 | —                  | (379.7)              | —   | —   | (379.7)   | —   | (379.7)         |
| Employee share plans:   |  |                                   |                    |                      |   |   |   |   |                 |
| Share-based compensation  | —  | 133.1                             | —                  | —                    | —   | —   | 133.1   | —   | 133.1           |
| Vested shares   | —  | (175.7)                           | 175.7              | —                    | —   | —   | —   | —   | —               |
| Exercise of options   | —  | (20.3)                            | 38.2               | —                    | —   | —   | 17.9  | —   | 17.9            |
| Settlement of ESPP purchases  | —  | 1.1                               | 4.0                | —                    | —   | —   | 5.1   | —   | 5.1             |
| Tax impact of share-based payment                                   | —  | 21.6                              | —                  | —                    | —   | —   | 21.6  | —   | 21.6            |
| Purchase of shares  | —  | —                                 | (535.4)            | —                    | —   | —   | (535.4)   | —   | (535.4)         |
| December 31, 2013   | 98.1                                       | 6,100.8                           | (1,700.4)          | 3,361.9              | 104.3   | 427.9   | 8,392.6   | 584.7   | 8,977.3         |

See accompanying notes.

**Invesco Ltd.**  
**Consolidated Statements of Changes in Equity (continued)**

| \$ in millions  | Equity Attributable to Common Shareholders |                                   |                    |                      |   |   |   | Nonredeemable<br>Noncontrolling<br>Interests in<br>Consolidated<br>Entities | Total<br>Equity |
|---|--|-----------------------------------|--------------------|----------------------|---|---|---|---|-----------------|
|   | Co<br>mmon<br>Shares                       | Additional<br>Paid-in-<br>Capital | Treasury<br>Shares | Retained<br>Earnings | Retained<br>Earnings<br>Appropriated<br>for Investors in<br>CIP | Accumulated<br>Other<br>Comprehensive<br>Income | Total Equity<br>Attributable<br>to Common<br>Shareholders |   |                 |
| January 1, 2012   | 98.1                                       | 6,180.6                           | (1,280.4)          | 2,413.2              | 334.3   | 373.3   | 8,119.1   | 1,018.5   | 9,137.6         |
| Net income  | —  | —                                 | —                  | 677.1                | —   | —   | 677.1   | (89.8)  | 587.3           |
| Other comprehensive income (loss)   | —  | —                                 | —                  | —                    | —   | 157.2   | 157.2   | (0.9)   | 156.3           |
| Total comprehensive income (loss)   | —  | —                                 | —                  | —                    | —   | —   | 834.3   | (90.7)  | 743.6           |
| Net income (loss) reclassified to<br>appropriated retained earnings   | —  | —                                 | —                  | —                    | (82.3)  | —   | (82.3)  | 82.3  | —               |
| Currency translation differences on<br>investments in foreign<br>subsidiaries reclassified to<br>appropriated retained earnings | —  | —                                 | —                  | —                    | (6.3)   | —   | (6.3)   | 6.3   | —               |
| Deconsolidation of CIP  | —  | —                                 | —                  | —                    | (116.9)   | —   | (116.9)   | —   | (116.9)         |
| Change in noncontrolling interests<br>in consolidated entities, net   | —  | —                                 | —                  | —                    | —   | —   | —   | (284.2)   | (284.2)         |
| Dividends   | —  | —                                 | —                  | (289.0)              | —   | —   | (289.0)   | —   | (289.0)         |
| Employee share plans:   |  |                                   |                    |                      |   |   |   |   |                 |
| Share-based compensation  | —  | 136.4                             | —                  | —                    | —   | —   | 136.4   | —   | 136.4           |
| Vested shares   | —  | (165.6)                           | 165.6              | —                    | —   | —   | —   | —   | —               |
| Exercise of options   | —  | (23.1)                            | 46.1               | —                    | —   | —   | 23.0  | —   | 23.0            |
| Tax impact of share-based payment   | —  | 12.7                              | —                  | —                    | —   | —   | 12.7  | —   | 12.7            |
| Purchase of shares  | —  | —                                 | (314.2)            | —                    | —   | —   | (314.2)   | —   | (314.2)         |
| December 31, 2012   | 98.1                                       | 6,141.0                           | (1,382.9)          | 2,801.3              | 128.8   | 530.5   | 8,316.8   | 732.2   | 9,049.0         |

See accompanying notes.

**Invesco Ltd.**  
**Consolidated Statements of Changes in Equity (continued)**

| \$ in millions  | Equity Attributable to Common Shareholders |                                   |                    |                      |   |   |   | Nonredeemable<br>Noncontrolling<br>Interests in<br>Consolidated<br>Entities | Total<br>Equity |
|---|--|-----------------------------------|--------------------|----------------------|---|---|---|---|-----------------|
|   | Common<br>Shares                           | Additional<br>Paid-in-<br>Capital | Treasury<br>Shares | Retained<br>Earnings | Retained<br>Earnings<br>Appropriated<br>for Investors<br>in CIP | Accumulated<br>Other<br>Comprehensive<br>Income | Total Equity<br>Attributable<br>to Common<br>Shareholders |   |                 |
| 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 (loss)   | —  | —                                 | —                  | —                    | —   | (122.2)   | (122.2)   | 23.1  | (99.1)          |
| Total comprehensive income (loss)   | —  | —                                 | —                  | —                    | —   | —   | 607.5   | (84.6)  | 522.9           |
| Net income (loss) reclassified to<br>appropriated retained earnings   | —  | —                                 | —                  | —                    | (169.9)   | —   | (169.9)   | 169.9   | —               |
| Currency translation differences on<br>investments in foreign<br>subsidiaries reclassified to<br>appropriated retained earnings | —  | —                                 | —                  | —                    | 8.7   | —   | 8.7   | (8.7)   | —               |
| Change in noncontrolling interests<br>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<br>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.

**Invesco Ltd.**  
**Notes to the Consolidated Financial Statements**

## 1. ACCOUNTING POLICIES

### *Corporate Information*

Invesco Ltd. (Parent) and all of its consolidated entities (collectively, the company or Invesco) provide retail and institutional 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 periods presented. All significant intercompany transactions, balances, revenues and expenses are eliminated upon consolidation.

The company provides investment management services to, and has transactions with, various private equity funds, real estate funds, fund-of-funds, CLOs, and other investment products sponsored by the company in the normal course of business for the investment of client assets. The company serves as the investment manager, making day-to-day investment decisions concerning the assets of these products. Certain of these entities, typically CLOs and funds that are structured as partnership entities (such as private equity funds, real estate funds, and fund-of-funds), are considered to be variable interest entities (VIEs) if the VIE criteria are met. A VIE, in the context of the company and its managed funds, is a fund that does not have sufficient equity to finance its operations without additional subordinated financial support, or a fund for which the risks and rewards of ownership are not directly linked to voting interests.

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and consolidate the financial statements of the Parent and all of its controlled subsidiaries. Additionally, the Consolidated Financial Statements include the consolidation of certain managed funds that meet the definition of a VIE if the company has been deemed to be the primary beneficiary of those funds, any non-VIE general partnership investments where the company is deemed to have control, and other managed investment products in which the company has a controlling financial interest. 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 managed fund so as to obtain the majority of the benefits from its activities. The company is generally considered to have a controlling financial interest in a managed fund when it owns a majority of the fund's outstanding shares, which may arise as a result of a seed money investment in a newly launched investment product from the time of initial launch to the time that the fund becomes majority-held by third-party investors.

Investment products that are consolidated are referred to in this Report as Consolidated Sponsored Investment Products (CSIP), which generally includes consolidated majority-held sponsored investment products, or Consolidated Investment Products (CIP), which includes consolidated nominally-held investment products. The distinction is important, as it differentiates the company's economic risk associated with each type of consolidated managed fund. The company's economic risk with respect to each investment in a CSIP and a CIP is limited to its equity ownership and any uncollected management fees. Gains and losses arising from nominally-held CIP do not have a significant impact on the company's results of operations, liquidity, or capital resources. Gains and losses arising from majority-held CSIP could have a significant impact on the company's results of operations, as the company has greater economic risk associated with its investment. See Note 19, "Consolidated Sponsored Investment Products," and Note 20, "Consolidated Investment Products," for additional information regarding the impact of consolidation of investment products.

**Consolidation Accounting.** 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), a deferral of the effective date of additional consolidation 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 CLOs qualify for the deferral.

The U.S. GAAP consolidation model in Accounting Standards Codification (ASC) Topic 810, "Consolidation," differs for entities that are considered to be VIEs versus those that do not meet the VIE criteria (and are thus referred to as voting interest entities, or VIEs). Additionally, the consolidation criteria for VIEs differs depending on the structure of the VIE as a result of ASU 2010-10, "Amendments for Certain Investment Funds." The consolidation models are summarized below:

- For all VIE investment products except CLOs, if the company is deemed to have the majority of rewards/risks of ownership associated with, these funds, then the company is deemed to be their primary beneficiary and is required to consolidate these funds. For those private equity funds, real estate funds and fund-of-funds that are determined to be VIEs, the company evaluates the structure of each partnership to determine if it is the primary beneficiary of the fund. 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.
- 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.
- Non-VIE general partnership investments are deemed to be controlled by the company and are consolidated under a 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. The company also consolidates certain non-VIE managed investment products in which the company has a controlling interest under a VOE model, which, as discussed above, may arise as a result of a seed investment in a newly launched investment product.

Consolidation Analysis. The company inventories its funds by vehicle type on a quarterly basis. The company assesses modifications to existing funds on an ongoing basis to determine if a significant reconsideration event has occurred. All newly created funds are evaluated for consolidation based upon a variety of factors, including the legal form of the investment vehicle, the management/performance fee structure, and any investment the company may have in the fund. Certain fund vehicle-types, such as CLOs and partnerships are more susceptible to consolidation due to the combination of these factors. The consolidation analysis for these structures includes a detailed review of the terms of the fund's governing documents and a comparison of the significant terms against the consolidation criteria in ASC 810, including a determination of whether the fund is a VIE or a VOE. Seed money and co-investments in managed funds in which the company has determined that it is the primary beneficiary or in which the company has a controlling financial interest are consolidated if the impact of doing so is deemed material. Otherwise, these investments are accounted for as described in the "Investments" accounting policy below.

Consolidation of CLOs. A significant portion of CIP 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 of the CLO entities, the company earns investment management fees, including in some cases subordinated management fees, as well as contingent performance 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 Sheets, 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.

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 some 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 the CLO's credit risk. In other CLOs, the company determined that it does not have this power in its role as investment manager due to certain rights held by other investors in the products or restrictions that limit the company's 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/performance 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 values.

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, 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. Accordingly, all of the investments held and notes issued by CIP are presented at fair value in the company's Consolidated Balance Sheets at December 31, 2013 and 2012 .

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 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 reflect 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. 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 CIP. 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 CIP in the Consolidated Balance Sheets, as they are considered noncontrolling interests of the company. Interest income and expense of consolidated CLOs are presented as other income/(expense) in the company's Consolidated Statements of Income. See Note 20 , "Consolidated Investment Products," for additional details. In addition, the company's Consolidated Statements of Cash Flow reflects the cash flows of these CLOs.

Consolidation of Private Equity, Real Estate, and Fund-of-Funds. 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. The company generally takes less than a 1% investment in these entities as the general partner. 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.

Consolidation basis. The Consolidated 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 managed funds, are prepared for the same reporting period 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 CSIP and CIP is included in the company's Consolidated Financial Statements on a one -month or a three -month lag based upon the availability of fund financial information. Noncontrolling interests in consolidated entities and retained earnings appropriated for investors in CIP 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 Consolidated 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 and assumptions made relate to goodwill and intangible impairment, certain investments which are carried at fair value, and taxes. Additionally, estimation is involved when determining investment and debt valuation for certain CIP; however, changes in the fair values of these amounts are largely offset by noncontrolling interests. 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 Consolidated Financial Statements.

#### *Reclassifications*

As discussed in Note 23 , "Discontinued Operations," the results of Atlantic Trust Private Wealth Management (Atlantic Trust) have been presented as a discontinued operation in the Consolidated Statements of Income for all periods presented. As a result of this change, certain previously reported amounts in the Consolidated Financial Statements and notes have been reclassified to conform to the current period presentation.

As discussed in Note 24 , "Balance Sheet Presentation," the company changed the presentation of its Consolidated Balance Sheets from a classified basis to a non-classified basis.

### ***Acquisition Accounting***

In accordance with ASC Topic 805, "Business Combinations," 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 are expensed.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash held at banks and short-term investments with a maturity upon acquisition of three months or less. Also included in cash and cash equivalents at December 31, 2013 , is \$2.9 million ( December 31, 2012 : \$3.1 million ) in cash to facilitate operations and customer transactions in the company's affiliated funds. Cash and cash equivalents of CIP and CSIP are not available for general use by the company.

Cash balances may not be readily accessible 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, 2013 , the European sub-group had cash and cash equivalent balances of \$632.3 million ( December 31, 2012 : \$528.3 million ). The company is in compliance with all regulatory minimum net capital requirements . The total amount of non-U.S. cash and cash equivalents was \$740.5 million at December 31, 2013 ( December 31, 2012 : \$662.9 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 UIT broker dealer entity. At December 31, 2013 these cash deposits totaled \$11.3 million (year ended December 31, 2012 : \$11.3 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 are generally less than four days. Additionally, in its capacity as sponsor of UITs, 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 buy 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.

### ***Investments***

The majority of the company's investment balances relate to balances held in affiliated funds. In the normal course of business, the company invests in various types of affiliated investment products, either as "seed money" or as longer-term investments alongside third-party investors, typically referred to as "co-investments." Seed money investments are investments held in Invesco managed funds with the purpose of providing capital to the funds during their development periods to allow the funds to achieve critical mass, establish their track records, and obtain third-party investments. Seed money may also be held for regulatory purposes in certain jurisdictions. Co-investments are often required of the investment manager by third-party investors in closed-ended funds to demonstrate an aligning of the asset manager's interests with those of the third-party investors. The company also invests in affiliated funds in connection with its deferred compensation plans, whereby certain employees defer portions of their annual bonus into funds.

Investments are categorized in this Report as available-for-sale, trading, equity method, foreign time deposits, and other investments. See Note 3 "Investments" for additional details.

Available-for-sale investments include seed money, co-investments in affiliated collateralized loan obligations (CLOs), and investments in other debt securities. Available-for-sale investments are measured at fair value. 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 if 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.

Trading investments include investments held to settle the company's deferred compensation plan liabilities, as well as trading and investing activities in equity and debt securities entered into in its capacity as sponsor of UITs, and other equity securities. Trading securities are securities bought and held principally for the purpose of selling them in the near term. Trading investments are measured at fair value. Gains or losses arising from changes in the fair value of trading investments are included in income.

Equity method investments include investments over which the company is deemed to have significant influence, including corporate joint ventures and non-controlled subsidiaries in which the company's ownership is between 20 and 50 percent, and co-investments in certain managed funds generally structured as partnerships or similar vehicles. Investments in joint ventures are investments jointly controlled by the company and external parties. Co-investments in managed funds structured as partnerships or similar vehicles include private equity, real estate, and fund-of-funds. The equity method of accounting requires that the investment is initially recorded at cost. The carrying amount of the investment 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. 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.

Seed money and co-investments in managed funds are required to be consolidated by the company if certain criteria are met. Upon consolidation of material balances, the company's seed money or co-investment balance is eliminated, and the underlying securities of the managed fund are reflected on the company's Consolidated Balance Sheets at fair value. These underlying securities are presented in the company's Consolidated Financial Statements as either CSIP or CIP investments. See the "Basis of Accounting and Consolidation" for additional information regarding the consolidation criteria as well as the basis for the distinction between the CSIP and CIP classifications. If the company subsequently determines that it no longer controls the managed funds in which it has invested, the company will deconsolidate the funds. Any remaining holding in the managed funds is then accounted for on the bases described above as available-for-sale or equity method investments, as appropriate.

Fair value is determined using a valuation hierarchy (discussed in Note 2, "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 in the Consolidated Statements of Income, and b) the amount related to all other factors, which is recognized in the Consolidated Statements of 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.

#### ***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, which is included in prepaid assets in our Consolidated Balance Sheets, 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 Consolidated 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 twelve 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 October 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, which is consistent with internal management reporting and management's oversight of operations. The company evaluated the components of its business, which are business units one level below the operating segment level in making this determination. 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.

ASU 2011-08 allows the option to first qualitatively assess whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. The company did not utilize this option in 2013 and performed a quantitative impairment test. 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, collectability 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 management 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 distribution channel 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 CIP.

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 the 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 along with additional marketing support distribution costs. 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 3% 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.

***Advertising Costs***

The company expenses the cost of all advertising and promotional activities as incurred. The company incurred advertising costs of \$31.3 million for the year ended December 31, 2013 ( December 31, 2012 : \$31.9 million ; December 31, 2011 : \$19.5 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. The weighted average number of shares outstanding during the period also includes participating securities such as unvested time-based restricted stock awards and restricted stock units that pay dividend equivalents. 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 Consolidated Statements of Income.

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. Consolidated Statements of Income 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 Consolidated Statements of Income. 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 generally does not hedge corporate interest rate or foreign currency exposures with derivative financial instruments; however, the company has purchased several put option contracts to hedge economically foreign currency risk on the translation of its pound sterling-denominated earnings into U.S. dollars, as discussed in Note 2 , "Fair Value of Assets and Liabilities." In the management of its cross-border fund operations, 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 CIP and CSIP may also utilize such instruments. See Notes 19 , "Consolidated Sponsored Investment Products," and 20 , "Consolidated Investment Products," for additional information.

***Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements***

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 did not have an effect on the company's current fair value measurements but led to increased disclosures related to the assets and liabilities of the company's CIP 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, and are accordingly reflected in the fair value disclosure contained in Notes 2 , "Fair Value of Assets and Liabilities," 19 , "Consolidated Sponsored Investment Products," and 20 , "Consolidated Investment Products."

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. Prior to ASU 2011-05, there was no requirement to present the statement of net income and statement of comprehensive income consecutively. ASU 2011-05 also requires 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, are effective for interim and annual periods beginning on or after December 15, 2011 for public companies, and are accordingly reflected in the financial statement, "Consolidated Statements of Comprehensive Income."

In July 2012, the FASB issued Accounting Standards Update 2012-02, "Intangibles-Goodwill and Other: Testing Indefinite-Lived Intangible Assets for Impairment" (ASU 2012-02). ASU 2012-02 amends Topic 350 on testing for impairment of indefinite-lived intangible assets. Specifically, ASU 2012-02 permits an entity the option to first qualitatively assess whether it is more likely than not (a likelihood of more than 50 percent) that an indefinite-lived intangible asset is impaired. If an entity concludes that this is the case, it would be required to perform the quantitative impairment test and calculate the fair value of the indefinite-lived intangible asset; otherwise, no further testing is required. An entity may bypass the qualitative assessment in any period and proceed directly to the quantitative impairment test, and may resume performing the qualitative assessment in any subsequent period. The amendments made by ASU 2012-02 are effective for interim and annual impairment tests performed for fiscal years beginning on or after September 15, 2012.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (ASU 2013-02). ASU 2013-02 amends Topic 220 to require an entity to present current period reclassifications out of accumulated other comprehensive income and other amounts of current-period other comprehensive income, separately, for each component of other comprehensive income. ASU 2013-02 also requires an entity to provide information about the effects on net income of significant amounts reclassified out of each component of accumulated other comprehensive income, if those amounts are required under other Topics to be reclassified to net income in their entirety in the same reporting period. The amendments to Topic 220 made by ASU 2013-02 are effective for interim and annual periods beginning on or after December 15, 2012 and are reflected in these Consolidated Financial Statements.

## 2. 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 CSIP and CIP are presented in Note 19, "Consolidated Sponsored Investment Products" and Note 20, "Consolidated Investment Products."

| \$ in millions  | Footnote Reference | December 31, 2013 |            | December 31, 2012 |            |
|---|--------------------|-------------------|------------|-------------------|------------|
|   |                    | Carrying Value    | Fair Value | Carrying Value    | Fair Value |
| Cash and cash equivalents                                 | 1                  | 1,331.2           | 1,331.2    | 835.5             | 835.5      |
| Available-for-sale investments                            | 3                  | 244.1             | 244.1      | 122.1             | 122.1      |
| Trading investments                                       | 3                  | 253.0             | 253.0      | 218.7             | 218.7      |
| Foreign time deposits *                                   | 3                  | 28.8              | 28.8       | 31.3              | 31.3       |
| Assets held for policyholders                             | 1                  | 1,416.0           | 1,416.0    | 1,153.6           | 1,153.6    |
| Policyholder payables *                                   | 1                  | (1,416.0)         | (1,416.0)  | (1,153.6)         | (1,153.6)  |
| UIT-related financial instruments sold, not yet purchased |                    | (1.7)             | (1.7)      | (1.5)             | (1.5)      |
| Note payable  |                    | (0.3)             | (0.3)      | (3.4)             | (3.4)      |
| Long-term debt *  | 8                  | (1,588.6)         | (1,544.7)  | (1,186.0)         | (1,204.8)  |
| Support agreements *                                      | 18                 | —                 | —          | (1.0)             | (1.0)      |

\* 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, and are accordingly classified as Level 2 securities.

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, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### *Cash equivalents*

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*

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. CLO assets are valued based on price quotations provided by an independent third-party pricing source or using an income approach through the use of certain observable and unobservable inputs. Due to liquidity constraints within the market for CLO products that require the use of unobservable inputs, these investments are classified within level 3 of the valuation hierarchy. Other debt securities are valued using a cost valuation technique due to the lack of available cash flow and market data and are accordingly also classified within level 3 of the valuation hierarchy.

#### *Trading investments*

- Investments related to deferred compensation plans

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.

- UIT-related equity and debt securities

The company invests in UIT-related equity and debt securities consisting 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.

Corporate bonds

The company temporarily holds investments in corporate bonds for purposes of creating a UIT. Corporate bonds 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.

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.

Put option contracts

The company has purchased several put option contracts to hedge economically foreign currency risk on the translation of a portion of its pound sterling-denominated earnings into U.S. dollars (purchases of \$1.8 million in the year ended December 31, 2013 ; purchases of \$2.5 million in the year ended December 31, 2012 ). These were the only contracts entered into during the period to hedge economically foreign currency risk and provide coverage through March 25, 2014. The economic hedge is predominantly triggered upon the impact of a significant decline in the pound sterling/U.S. dollar foreign exchange rate, which could arise as a result of European economic uncertainty. Open put option contracts are marked-to-market through earnings, which are recorded in the company's Consolidated Statements of Income in other gains and losses. These derivative contracts are valued using option valuation models and are included in other assets in the company's Consolidated Balance Sheets. The significant inputs in these models (volatility, forward points and swap curves) are readily available in public markets or can be derived from observable market transactions for substantially the full terms of the contracts and are classified within level 2 of the valuation hierarchy. The company recognized a loss of \$1.8 million in the year ended December 31, 2013 ( December 31, 2012 : \$2.5 million ) related to the change in market value of these put option contracts.

*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 and are therefore not included in the tables below.

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

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 are recorded in the company's Consolidated Statements 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 Sheets. Fair values of derivative contracts in a liability position are included in other liabilities in the company's Consolidated Balance Sheets. 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, 2013 there were 2 futures contracts with a notional value of \$0.3 million ( December 31, 2012 : 10 open futures contracts with a notional value of \$1.4 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 equities, exchange-traded funds, or U.S. treasury security positions. These transactions are recorded as financial instruments sold, not yet purchased and are included in accounts payable and accrued expenses in the company's Consolidated Balance Sheets. 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.

*Note payable*

The note payable represents a payable associated with 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 is measured by reference to the value of the company's ownership interest in the equity of the funds, as this is the contractual amount payable at the reporting date. The value of the funds' equity is driven by the value of the underlying investments of the funds, as these investments make up the majority of the funds' equity. See Note 20 , "Consolidated Investment Products", for additional information regarding the valuation of the underlying investments of 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 company's Consolidated Balance Sheet as of December 31, 2013 :

| \$ in millions   | As of December 31, 2013 |  |   |   |
|--|-------------------------|--|---|---|
|  | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Assets:</b>   |                         |  |   |   |
| Cash equivalents:  |                         |  |   |   |
| Money market funds   | 447.8                   | 447.8  | —   | —   |
| Investments:*  |                         |  |   |   |
| Available-for-sale:  |                         |  |   |   |
| Seed money   | 233.8                   | 233.8  | —   | —   |
| CLOs   | 4.0                     | —  | —   | 4.0                                       |
| Other debt securities                                      | 6.3                     | —  | —   | 6.3                                       |
| Trading investments:                                       |                         |  |   |   |
| Investments related to deferred compensation plans         | 249.7                   | 249.7  | —   | —   |
| UIT-related equity and debt securities:                    |                         |  |   |   |
| Corporate stock  | 2.1                     | 2.1  | —   | —   |
| UITs   | 1.2                     | 1.2  | —   | —   |
| Assets held for policyholders                              | 1,416.0                 | 1,416.0  | —   | —   |
| <b>Total</b>   | <b>2,360.9</b>          | <b>2,350.6</b>   | <b>—</b>                                      | <b>10.3</b>                               |
| <b>Liabilities:</b>  |                         |  |   |   |
| UIT-related financial instruments sold, not yet purchased: |                         |  |   |   |
| Corporate equities   | (1.7)                   | (1.7)  | —   | —   |
| Note payable   | (0.3)                   | —  | —   | (0.3)                                     |
| <b>Total</b>   | <b>(2.0)</b>            | <b>(1.7)</b>   | <b>—</b>                                      | <b>(0.3)</b>                              |

\* Foreign time deposits of \$28.8 million are excluded from this table. Equity and other investments of \$308.2 million and \$5.6 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, including major security type for equity and debt securities, which are measured at fair value on the company's Consolidated Balance Sheet as of December 31, 2012 :

| \$ in millions   | As of December 31, 2012 |  |   |   |
|--|-------------------------|--|---|---|
|  | Fair Value Measurements | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Assets:</b>   |                         |  |   |   |
| Cash equivalents:  |                         |  |   |   |
| Money market funds   | 292.2                   | 292.2  | —   | —   |
| Investments:*  |                         |  |   |   |
| Available-for-sale:  |                         |  |   |   |
| Seed money   | 113.4                   | 113.4  | —   | —   |
| CLOs   | 2.4                     | —  | —   | 2.4                                       |
| Other debt securities                                      | 6.3                     | —  | —   | 6.3                                       |
| Trading investments:                                       |                         |  |   |   |
| Investments related to deferred compensation plans         | 213.5                   | 213.5  | —   | —   |
| UIT-related equity and debt securities:                    |                         |  |   |   |
| Corporate stock  | 1.5                     | 1.5  | —   | —   |
| UITs   | 1.6                     | 1.6  | —   | —   |
| Municipal securities                                       | 1.8                     | —  | 1.8   | —   |
| Other equity securities                                    | 0.3                     | 0.3  | —   | —   |
| Assets held for policyholders                              | 1,153.6                 | 1,153.6  | —   | —   |
| <b>Total</b>   | <b>1,786.6</b>          | <b>1,776.1</b>   | <b>1.8</b>                                    | <b>8.7</b>                                |
| <b>Liabilities:</b>  |                         |  |   |   |
| UIT-related financial instruments sold, not yet purchased: |                         |  |   |   |
| Corporate equities   | (1.5)                   | (1.5)  | —   | —   |
| Note payable   | (3.4)                   | —  | —   | (3.4)                                     |
| <b>Total</b>   | <b>(4.9)</b>            | <b>(1.5)</b>   | <b>—</b>                                      | <b>(3.4)</b>                              |

\* Foreign time deposits of \$31.3 million are excluded from this table. Equity and other investments of \$228.2 million and \$10.4 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 ended December 31, 2013 and December 31, 2012, which are valued using significant unobservable inputs:

| \$ in millions  | For the year ended December 31, 2013 |                       |              | For the year ended December 31, 2012 |                       |              |
|---|--------------------------------------|-----------------------|--------------|--------------------------------------|-----------------------|--------------|
|   | CLOs                                 | Other Debt Securities | Note Payable | CLOs                                 | Other Debt Securities | Note Payable |
| Beginning balance   | 2.4                                  | 6.3                   | (3.4)        | —                                    | —                     | (16.8)       |
| Purchases   | —                                    | —                     | —            | —                                    | 1.7                   | —            |
| Returns of capital  | (0.2)                                | —                     | —            | (0.2)                                | —                     | —            |
| Settlements   | —                                    | —                     | 2.5          | —                                    | —                     | 8.5          |
| Deconsolidation of CIP  | 1.6                                  | —                     | —            | 2.5                                  | —                     | —            |
| Net unrealized gains and losses included in other gains and losses*                         | —                                    | —                     | 0.2          | —                                    | —                     | 3.7          |
| Net unrealized gains and losses included in accumulated other comprehensive income/(loss) * | 0.2                                  | —                     | —            | 0.1                                  | —                     | —            |
| Foreign exchange gains/(losses)   | —                                    | —                     | 0.4          | —                                    | —                     | 1.2          |
| Reclassification  | —                                    | —                     | —            | —                                    | 4.6                   | —            |
| Ending balance  | 4.0                                  | 6.3                   | (0.3)        | 2.4                                  | 6.3                   | (3.4)        |

\* These unrealized gains and losses are attributable to balances still held at the respective year ends.

#### Quantitative Information about Level 3 Fair Value Measurements

At December 31, 2013, investments in CLOs were valued using third-party pricing information. Quantitative unobservable inputs for such valuations were not developed or adjusted by the company. The following table shows significant unobservable inputs used in the fair value measurement of level 3 assets and liabilities at December 31, 2012:

| Assets and Liabilities * | Fair Value at December 31, 2012 (\$ in millions) | Valuation Technique        | Unobservable Inputs  | Range       | Weighted Average (by fair value) |
|--------------------------|--|----------------------------|----------------------|-------------|----------------------------------|
| CLOs                     | 2.4  | Discounted Cash Flow- Euro | Assumed Default Rate | 1.8% - 5.0% | <1yr: 1.8%<br>>1yr: 5.0%         |
|                          |  |                            | Spread over Euribor  | N/A         | 3,300 bps                        |
|                          |  | Discounted Cash Flow- USD  | Assumed Default Rate | 1.1% - 3.0% | <1yr: 1.1%<br>>1yr: 3.0%         |
|                          |  |                            | Spread over Libor    | N/A         | 1,496 bps                        |

\* Other debt securities of \$6.3 million at December 31, 2013 ( \$6.3 million at December 31, 2012) are not included in the table above as they are valued using a cost valuation technique. The note payable of \$0.3 million at December 31, 2013 ( \$3.4 million at December 31, 2012) is also not included in the table above as its value is linked to the underlying value of consolidated funds. Both items are more fully discussed in the "Available-for-sale investments" and "Note payable" disclosures above.

For CLO notes, a change in the assumption used for spreads is generally accompanied by a directionally similar change in default rate. Significant increases in any of these inputs in isolation would result in a significantly lower fair value measurement. A directionally-opposite impact would apply for significant decreases in these inputs.



### 3. INVESTMENTS

The disclosures below include details of the company's investments. Investments held by CSIP are detailed in Note 19, "Consolidated Sponsored Investment Products." Investments held by CIP are detailed in Note 20, "Consolidated Investment Products."

| \$ in millions                                     | December 31, 2013 | December 31, 2012 |
|--|-------------------|-------------------|
| Available-for-sale investments:                    |                   |                   |
| Seed money   | 233.8             | 113.4             |
| CLOs   | 4.0               | 2.4               |
| Other debt securities                              | 6.3               | 6.3               |
| Trading investments:                               |                   |                   |
| Investments related to deferred compensation plans | 249.7             | 213.5             |
| UIT-related equity and debt securities             | 3.3               | 4.9               |
| Other equity securities                            | —                 | 0.3               |
| Equity method investments                          | 308.2             | 228.2             |
| Foreign time deposits                              | 28.8              | 31.3              |
| Other  | 5.6               | 10.4              |
| Total investments                                  | <u>839.7</u>      | <u>610.7</u>      |

#### *Available for sale investments*

Realized gains and losses recognized in the Consolidated Statements of Income during the year from investments classified as available-for-sale are as follows:

| \$ in millions | 2013                |                      |                       | 2012                |                      |                       | 2011                |                      |                       |
|----------------|---------------------|----------------------|-----------------------|---------------------|----------------------|-----------------------|---------------------|----------------------|-----------------------|
|                | Proceeds from Sales | Gross Realized Gains | Gross Realized Losses | Proceeds from Sales | Gross Realized Gains | Gross Realized Losses | Proceeds from Sales | Gross Realized Gains | Gross Realized Losses |
| Seed money     | 26.7                | 3.6                  | (0.4)                 | 50.3                | 5.3                  | (0.6)                 | 59.3                | 8.8                  | (1.2)                 |
| CLOs           | 0.2                 | —                    | —                     | 0.3                 | —                    | —                     | 0.9                 | 0.6                  | —                     |

Upon the sale of available-for-sale securities, net realized gains of \$3.2 million, \$4.7 million and \$8.2 million were transferred from accumulated other comprehensive income into the Consolidated Statements of Income during 2013, 2012, and 2011, 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:

| \$ in millions        | December 31, 2013 |                                |                                 |              | December 31, 2012 |                                |                                 |              |
|-----------------------|-------------------|--------------------------------|---------------------------------|--------------|-------------------|--------------------------------|---------------------------------|--------------|
|                       | Cost              | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses | Fair Value   | Cost              | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses | Fair Value   |
| Seed money            | 215.7             | 19.0                           | (0.9)                           | 233.8        | 105.5             | 8.4                            | (0.5)                           | 113.4        |
| CLOs                  | 3.8               | 0.2                            | —                               | 4.0          | 2.4               | —                              | —                               | 2.4          |
| Other debt securities | 6.3               | —                              | —                               | 6.3          | 6.3               | —                              | —                               | 6.3          |
|                       | <u>225.8</u>      | <u>19.2</u>                    | <u>(0.9)</u>                    | <u>244.1</u> | <u>114.2</u>      | <u>8.4</u>                     | <u>(0.5)</u>                    | <u>122.1</u> |

At December 31, 2013 , 149 seed money funds ( December 31, 2012 : 52 seed money funds) included gross unrealized holding losses. The following table provides a breakdown of the unrealized losses.

| \$ in millions       | December 31, 2013 |                         | December 31, 2012 |                         |
|----------------------|-------------------|-------------------------|-------------------|-------------------------|
|                      | Fair Value        | Gross Unrealized Losses | Fair Value        | Gross Unrealized Losses |
| Less than 12 months  | 69.0              | (0.8)                   | 0.2               | —                       |
| 12 months or greater | 0.2               | (0.1)                   | 11.5              | (0.5)                   |
| Total                | 69.2              | (0.9)                   | 11.7              | (0.5)                   |

The company has reviewed investment securities for other-than-temporary impairment (OTTI) in accordance with its accounting policy and has recognized no other-than-temporary impairment charges on available-for-sale investments during the year ended December 31, 2013 (year ended December 31, 2012 : \$0.8 million ). The gross unrealized losses of seed money investments at December 31, 2013 related primarily to funds seeded late in 2013. The company reviewed 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 and concluded that the gross unrealized losses on these securities did not represent other-than-temporarily impairments. 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. During the years ended December 31, 2013 and 2012 , there were no charges to other comprehensive income from other-than-temporary impairment related to non-credit related factors.

At December 31, 2013 , \$1.7 million available-for-sale debt securities mature in one year through five years, and \$8.6 million after five years through ten years.

#### *Trading investments*

The portion of trading gains and losses for the year ended December 31, 2013 , that relates to trading securities still held at December 31, 2013 , was a \$33.8 million net gain ( December 31, 2012 : \$18.2 million net gain ).

#### *Equity method investments*

In March 2013, the company completed the purchase of a 49% equity interest in Religare Invesco Asset Management, a company incorporated in India. The company has applied the equity method of accounting for its investment. The equity method investment balance at December 31, 2013 includes the difference between the carrying amount of the investment and its book value.

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:

| <u>Name of Company</u>                          | <u>Country of Incorporation</u> | <u>% Voting Interest Owned</u> |
|---|---------------------------------|--------------------------------|
| 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 investments on the Consolidated Balance Sheets:

| <u>Name of Company</u>                                    | <u>Country of Incorporation</u> | <u>% Voting Interest Owned</u> |
|---|---------------------------------|--------------------------------|
| Huaneng Invesco WLR Investment Consulting Company Limited | China                           | 50.0%                          |
| Invesco Great Wall Fund Management Company Limited        | China                           | 49.0%                          |
| Religare Invesco Asset Management Company Private Ltd.    | India                           | 49.0%                          |
| Religare Trustee Company Private Ltd.                     | India                           | 49.0%                          |
| 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 managed 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 1 , "Accounting Policies," for additional information.

#### 4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment:

| \$ in millions                       | December 31, 2013 | December 31, 2012 |
|--------------------------------------|-------------------|-------------------|
| Technology and Other Equipment       | 266.5             | 253.0             |
| Software                             | 327.8             | 316.0             |
| Land and Buildings                   | 65.8              | 70.8              |
| Leasehold Improvements               | 185.7             | 185.9             |
| Work in Process                      | 54.4              | 47.4              |
| <b>Property and Equipment, Gross</b> | <b>900.2</b>      | <b>873.1</b>      |
| Less: Accumulated Depreciation       | (549.4)           | (523.5)           |
| <b>Property and Equipment, Net</b>   | <b>350.8</b>      | <b>349.6</b>      |

Depreciation expense related to property and equipment was \$71.3 million , \$65.4 million and \$60.3 million for the years ended December 31, 2013 , 2012 and 2011 , respectively. In addition, \$11.7 million of capitalized IT software development costs was written off during the year ended December 31, 2013.

#### 5. INTANGIBLE ASSETS

The following table presents the major classes of the company's intangible assets at December 31 , 2013 and 2012 :

| \$ in millions                          | Gross Book Value | Accumulated Amortization | Net Book Value | Weighted Average Amortization Period (years) |
|---|------------------|--------------------------|----------------|--|
| <b>December 31, 2013</b>                |                  |                          |                |  |
| Management contracts - indefinite-lived | 1,200.0          | N/A                      | 1,200.0        | N/A  |
| Management contracts - finite-lived     | 92.1             | (58.5)                   | 33.6           | 2.2  |
| Customer relationships                  | 40.0             | (11.9)                   | 28.1           | 8.4  |
| Distribution agreements                 | 17.0             | (15.2)                   | 1.8            | 0.4  |
| Other                                   | 0.8              | (0.6)                    | 0.2            | 2.8  |
| <b>Total</b>                            | <b>1,349.9</b>   | <b>(86.2)</b>            | <b>1,263.7</b> | <b>3.2</b>                                   |
| <b>December 31, 2012</b>                |                  |                          |                |  |
| Management contracts - indefinite-lived | 1,204.1          | N/A                      | 1,204.1        | N/A  |
| Management contracts - finite-lived     | 181.0            | (135.1)                  | 45.9           | 8.7  |
| Customer relationships                  | 40.0             | (8.6)                    | 31.4           | 12.0   |
| Distribution agreements                 | 17.0             | (11.0)                   | 6.0            | 4.0  |
| Other                                   | 0.8              | (0.5)                    | 0.3            | 10.0   |
| <b>Total</b>                            | <b>1,442.9</b>   | <b>(155.2)</b>           | <b>1,287.7</b> | <b>9.0</b>                                   |

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 2013 and 2012 annual impairment reviews of indefinite-lived intangible assets determined that no impairment existed at the respective review dates.

Amortization expense was \$17.1 million during the year ended December 31, 2013 ( December 31, 2012 : \$29.6 million ; December 31, 2011 : \$42.2 million ) and is included within General and administrative expenses and Income from discontinued operations, net of taxes 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, 2013 is as follows:

| \$ in millions                  | Estimated<br>Amortization<br>Expense |
|---------------------------------|--------------------------------------|
| <b>Years Ended December 31,</b> |                                      |
| 2014                            | 13.0                                 |
| 2015                            | 11.2                                 |
| 2016                            | 11.2                                 |
| 2017                            | 11.1                                 |
| 2018                            | 6.0                                  |

## 6. GOODWILL

The table below details changes in the goodwill balance:

| \$ in millions             | Gross Book<br>Value | Accumulated<br>Impairment | Net Book<br>Value |
|----------------------------|---------------------|---------------------------|-------------------|
| January 1, 2013            | 7,064.8             | (16.6)                    | 7,048.2           |
| Dispositions               | (91.1)              | 16.6                      | (74.5)            |
| Foreign exchange and other | (106.4)             | —                         | (106.4)           |
| <b>December 31, 2013</b>   | <b>6,867.3</b>      | <b>—</b>                  | <b>6,867.3</b>    |
| January 1, 2012            | 6,924.5             | (16.6)                    | 6,907.9           |
| Business combinations      | 17.3                | —                         | 17.3              |
| Foreign exchange and other | 123.0               | —                         | 123.0             |
| <b>December 31, 2012</b>   | <b>7,064.8</b>      | <b>(16.6)</b>             | <b>7,048.2</b>    |

The 2013 disposition is related to the sale of Atlantic Trust to the Canadian Imperial Bank of Commerce (CIBC) on December 31, 2013. Further information regarding the sale is detailed in Note 23 , "Discontinued Operations."

The 2012 addition to goodwill consists of the earn-outs related to the 2006 acquisitions of W.L. Ross & Co. and Invesco PowerShares and represents the final earn-out adjustments to goodwill related to these acquisitions.

The 2013 and 2012 annual impairment reviews determined that no impairment existed at the respective review dates. No interim impairment tests were deemed necessary during 2012 or 2013 .

## 7. OTHER LIABILITIES

The table below details the components of other liabilities:

| \$ in millions                          | As of             |                   |
|---|-------------------|-------------------|
|   | December 31, 2013 | December 31, 2012 |
| Compensation and benefits               | 123.3             | 74.8              |
| Accrued bonus and deferred compensation | 553.1             | 535.0             |
| Accrued compensation and benefits       | 676.4             | 609.8             |
| Accruals and other liabilities          | 256.9             | 233.2             |
| Overdraft on unsettled fund account     | 35.7              | —                 |
| Accounts payable                        | 334.6             | 287.9             |
| Security deposit payables               | 12.3              | 27.4              |
| Income taxes payable                    | 123.6             | 77.9              |
| Accounts payable and accrued expenses   | 763.1             | 626.4             |



## 8 . LONG-TERM DEBT

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

| \$ in millions   | December 31, 2013 |                | December 31, 2012 |                |
|--|-------------------|----------------|-------------------|----------------|
|  | Carrying Value    | Fair Value     | Carrying Value    | Fair Value     |
| Floating rate credit facility expiring December 17, 2018 | —                 | —              | 586.5             | 586.5          |
| Unsecured Senior Notes*:                                 |                   |                |                   |                |
| \$600 million 3.125% - due November 30, 2022             | 599.6             | 551.5          | 599.5             | 618.3          |
| \$600 million 4.000% - due January 30, 2024              | 595.8             | 593.2          | —                 | —              |
| \$400 million 5.375% - due November 30, 2043             | 393.2             | 400.0          | —                 | —              |
| Long-term debt   | <u>1,588.6</u>    | <u>1,544.7</u> | <u>1,186.0</u>    | <u>1,204.8</u> |

\* 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, which is considered a Level 2 valuation input. 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.

### Analysis of Borrowings by Maturity:

| \$ in millions | December 31, 2013 |
|----------------|-------------------|
| 2022           | 599.6             |
| 2024           | 595.8             |
| 2043           | 393.2             |
| Long-term debt | <u>1,588.6</u>    |

During the fourth quarter of 2013, the company issued senior notes with aggregate principal amounts of \$600.0 million at 4.000% due January 30, 2024 and \$400.0 million at 5.375% due November 30, 2043. Of the total net proceeds, \$699.4 million were used to repay the amount outstanding on the credit facility with the remaining to be used for general corporate purposes. In November 2012, the company issued an initial aggregate principal amount of \$600.0 million 3.125% senior notes due in November 2022. The proceeds of the issuance were primarily used to retire the \$333.5 million 5.375% 2013 senior notes and the \$197.1 million 5.375% 2014 senior notes. The issuer is an indirect 100% owned finance subsidiary of Invesco Ltd. (the Parent), and the Parent fully and unconditionally guaranteed the securities. As discussed in Note 1, "Accounting Policies - Cash and cash equivalents," certain of our subsidiaries are required to maintain minimum levels of capital. 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.

On December 17, 2013 the company amended and restated its unsecured \$1.25 billion credit agreement to, among other matters, extend its maturity to December 17, 2018 .

At December 31, 2013 , the outstanding balance on the credit facility was zero . 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 higher of the available credit ratings of the company or its indirect subsidiary Invesco Finance PLC. Based on credit ratings as of December 31, 2013 of the company, 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 higher of the available credit ratings of company or its indirect subsidiary Invesco Finance PLC. Based on credit ratings as of December 31, 2013 , 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 merger arrangements; selling, leasing, transferring or otherwise disposing of assets; making a material change in the nature of the business; making a significant accounting policy change in certain situations; entering into transactions with affiliates; and incurring indebtedness through the 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 , (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 \$30.9 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 \$11.1 million of the letters of credit support office lease obligations.

## 9. SHARE CAPITAL

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

| In millions   | Year ended December<br>31, 2013 | Year ended December<br>31, 2012 | Year ended December<br>31, 2011 |
|---|---------------------------------|---------------------------------|---------------------------------|
| Common shares issued  | 490.4                           | 490.4                           | 490.4                           |
| Less: Treasury shares for which dividend and voting rights do not apply | (57.3)                          | (49.0)                          | (44.4)                          |
| Common shares outstanding   | <u>433.1</u>                    | <u>441.4</u>                    | <u>446.0</u>                    |

During the year ended December 31, 2013, the company repurchased 13.9 million shares (three months ended December 31, 2013: 10.1 million shares) in the market at a cost of \$470.5 million (three months ended December 31, 2013 : \$350.0 million cost) (year ended December 31, 2012 : 11.1 million shares, at a cost of \$265.0 million). Separately, an aggregate of 2.4 million shares were withheld on vesting events during the year ended December 31, 2013 to meet employees' withholding tax obligations ( December 31, 2012 : 2.1 million ). The fair value of these shares withheld at the respective withholding dates was \$64.9 million ( December 31, 2012 : \$48.9 million ). In October 2013, the company's board of directors authorized an additional \$1.5 billion for the existing share repurchase program with no stated expiration date. Approximately \$1,496.5 million remained authorized under the company's share repurchase plan at December 31, 2013 ( December 31, 2012 : \$467.0 million ).

Total treasury shares at December 31, 2013 were 66.8 million ( December 31, 2012 : 59.2 million ), including 9.5 million unvested restricted stock awards ( December 31, 2012 : 10.2 million ) for which dividend and voting rights apply. The market price of common shares at the end of 2013 was \$36.40 . The total market value of the company's 66.8 million treasury shares was \$2.4 billion at December 31, 2013 .

Movements in Treasury Shares comprise:

| In millions  | Year ended December<br>31, 2013 | Year ended December<br>31, 2012 | Year ended December<br>31, 2011 |
|--|---------------------------------|---------------------------------|---------------------------------|
| Beginning balance                                  | 59.2                            | 54.0                            | 42.7                            |
| Acquisition of common shares                       | 16.3                            | 13.2                            | 21.8                            |
| Distribution of common shares                      | (7.2)                           | (6.3)                           | (9.6)                           |
| Common shares distributed to meet option exercises | (1.5)                           | (1.7)                           | (0.9)                           |
| Ending balance                                     | <u>66.8</u>                     | <u>59.2</u>                     | <u>54.0</u>                     |



**10. OTHER COMPREHENSIVE INCOME/(LOSS)**

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

| \$ in millions  | 2013                         |                        |                           |                                | Total   |
|---|------------------------------|------------------------|---------------------------|--------------------------------|---------|
|   | Foreign currency translation | Employee benefit plans | Equity method investments | Available-for-sale investments |         |
| <b>Other comprehensive income/(loss) before tax:</b>  |                              |                        |                           |                                |         |
| Currency translation differences on investments in foreign subsidiaries*  | (121.9)                      | —                      | —                         | —                              | (121.9) |
| Actuarial (loss)/gain related to employee benefit plans   | —                            | 7.0                    | —                         | —                              | 7.0     |
| Reclassification of amortization of prior service costs (gains)/losses into employee compensation expenses                | —                            | (1.9)                  | —                         | —                              | (1.9)   |
| Reclassification of amortization of actuarial (gains)/losses into employee compensation expenses                          | —                            | 2.3                    | —                         | —                              | 2.3     |
| Share of other comprehensive income/(loss) of equity method investments   | —                            | —                      | (3.9)                     | —                              | (3.9)   |
| Unrealized(losses)/gains on available-for-sale investments  | —                            | —                      | —                         | 13.6                           | 13.6    |
| Reclassification of net (gains)/losses realized on available-for-sale investments included in other gains and losses, net | —                            | —                      | —                         | (3.2)                          | (3.2)   |
| Other comprehensive income/(loss) before tax  | (121.9)                      | 7.4                    | (3.9)                     | 10.4                           | (108.0) |
| <b>Income tax related to items of other comprehensive income/(loss):</b>  |                              |                        |                           |                                |         |
| Tax benefit/(expenses) on foreign currency translation differences  | (0.4)                        | —                      | —                         | —                              | (0.4)   |
| Tax on actuarial (loss)/gain related to employee benefit plans  | —                            | (5.8)                  | —                         | —                              | (5.8)   |
| Reclassification of tax on amortization of prior service costs/ (credit) into income tax provision                        | —                            | 0.4                    | —                         | —                              | 0.4     |
| Reclassification of tax on amortization of actuarial (loss)/gain into income tax provision                                | —                            | (0.5)                  | —                         | —                              | (0.5)   |
| Tax on net unrealized gains/(losses) on available-for-sale investments  | —                            | —                      | —                         | (0.5)                          | (0.5)   |
| Reclassification of tax on net (gains)/losses on available-for-sale investments   | —                            | —                      | —                         | (0.9)                          | (0.9)   |
| Total income tax benefit(expense) related to items of other comprehensive income  | (0.4)                        | (5.9)                  | —                         | (1.4)                          | (7.7)   |
| <b>Accumulated other comprehensive income/(loss), net of tax:</b>   |                              |                        |                           |                                |         |
| Beginning balance   | 601.7                        | (79.4)                 | 2.1                       | 6.1                            | 530.5   |
| Other comprehensive income/(loss), net of tax:  | (122.3)                      | 1.5                    | (3.9)                     | 9.0                            | (115.7) |
| Other comprehensive (income)/loss attributable to noncontrolling interest   | 13.1                         | —                      | —                         | —                              | 13.1    |
| Ending balance  | 492.5                        | (77.9)                 | (1.8)                     | 15.1                           | 427.9   |

\* Included in this amount are net losses of \$13.1 million for the year ended December 31, 2013 related to foreign currency translation adjustments attributable to CIP. Of this amount, gross losses of zero are reclassified from accumulated other comprehensive income into retained earnings appropriated for investors in CIP.

| \$ in millions  | 2012                               |                           |                              |                                    |       |
|---|------------------------------------|---------------------------|------------------------------|------------------------------------|-------|
|   | Foreign<br>currency<br>translation | Employee<br>benefit plans | Equity method<br>investments | Available-for-<br>sale investments | Total |
| <b>Other comprehensive income/(loss) before tax:</b>  |                                    |                           |                              |                                    |       |
| Currency translation differences on investments in foreign subsidiaries*  | 145.0                              | —                         | —                            | —                                  | 145.0 |
| Actuarial (loss)/gain related to employee benefit plans   | —                                  | (4.8)                     | —                            | —                                  | (4.8) |
| Reclassification of amortization of prior service costs (gains)/losses into employee compensation expenses                | —                                  | (2.0)                     | —                            | —                                  | (2.0) |
| Reclassification of amortization of actuarial (gains)/losses into employee compensation expenses                          | —                                  | 2.4                       | —                            | —                                  | 2.4   |
| Share of other comprehensive income/(loss) of equity method investments   | —                                  | —                         | 6.4                          | —                                  | 6.4   |
| Unrealized(losses)/gains on available-for-sale investments  | —                                  | —                         | —                            | 14.0                               | 14.0  |
| Reclassification of net (gains)/losses realized on available-for-sale investments included in other gains and losses, net | —                                  | —                         | —                            | (3.9)                              | (3.9) |
| Other comprehensive income/(loss) before tax  | 145.0                              | (4.4)                     | 6.4                          | 10.1                               | 157.1 |
| <b>Income tax related to items of other comprehensive income/(loss):</b>  |                                    |                           |                              |                                    |       |
| Tax benefit/(expenses) on foreign currency translation differences  | 0.6                                | —                         | —                            | —                                  | 0.6   |
| Tax on actuarial (loss)/gain related to employee benefit plans  | —                                  | (0.1)                     | —                            | —                                  | (0.1) |
| Reclassification of tax on amortization of prior service costs/ (credit) into income tax provision                        | —                                  | 0.5                       | —                            | —                                  | 0.5   |
| Reclassification of tax on amortization of actuarial (loss)/gain into income tax provision                                | —                                  | (0.6)                     | —                            | —                                  | (0.6) |
| Tax on net unrealized gains/(losses) on available-for-sale investments  | —                                  | —                         | —                            | (1.0)                              | (1.0) |
| Reclassification of tax on net (gains)/losses on available-for-sale investments   | —                                  | —                         | —                            | (0.2)                              | (0.2) |
| Total income tax benefit(expense) related to items of other comprehensive income  | 0.6                                | (0.2)                     | —                            | (1.2)                              | (0.8) |
| <b>Accumulated other comprehensive income/(loss), net of tax:</b>   |                                    |                           |                              |                                    |       |
| Beginning balance   | 455.2                              | (74.8)                    | (4.3)                        | (2.8)                              | 373.3 |
| Other comprehensive income/(loss), net of tax:  | 145.6                              | (4.6)                     | 6.4                          | 8.9                                | 156.3 |
| Other comprehensive (income)/loss attributable to noncontrolling interest   | 0.9                                | —                         | —                            | —                                  | 0.9   |
| Ending balance  | 601.7                              | (79.4)                    | 2.1                          | 6.1                                | 530.5 |

\* Included in this amount are net gains of \$0.9 million for the year ended December 31, 2012 related to foreign currency translation adjustments attributable to CIP. Of this amount, gross losses of \$6.3 million are reclassified from accumulated other comprehensive income into retained earnings appropriated for investors in CIP.

|   | 2011                               |                           |                              |                                    |         |
|---|------------------------------------|---------------------------|------------------------------|------------------------------------|---------|
| \$ in millions  | Foreign<br>currency<br>translation | Employee<br>benefit plans | Equity method<br>investments | Available-for-<br>sale investments | Total   |
| <b>Other comprehensive income/(loss) before tax:</b>  |                                    |                           |                              |                                    |         |
| Currency translation differences on investments in foreign subsidiaries*  | (48.8)                             | —                         | —                            | —                                  | (48.8)  |
| Actuarial (loss)/gain related to employee benefit plans   | —                                  | (41.9)                    | —                            | —                                  | (41.9)  |
| Reclassification of amortization of prior service costs (gains)/losses into employee compensation expenses                | —                                  | (2.0)                     | —                            | —                                  | (2.0)   |
| Reclassification of amortization of actuarial (gains)/losses into employee compensation expenses                          | —                                  | 1.5                       | —                            | —                                  | 1.5     |
| Share of other comprehensive income/(loss) of equity method investments   | —                                  | —                         | (7.2)                        | —                                  | (7.2)   |
| Unrealized(losses)/gains on available-for-sale investments  | —                                  | —                         | —                            | (12.2)                             | (12.2)  |
| Reclassification of net (gains)/losses realized on available-for-sale investments included in other gains and losses, net | —                                  | —                         | —                            | (0.1)                              | (0.1)   |
| Other comprehensive income/(loss) before tax  | (48.8)                             | (42.4)                    | (7.2)                        | (12.3)                             | (110.7) |
| <b>Income tax related to items of other comprehensive income/(loss):</b>  |                                    |                           |                              |                                    |         |
| Tax benefit/(expenses) on foreign currency translation differences  | 0.5                                | —                         | —                            | —                                  | 0.5     |
| Tax on actuarial (loss)/gain related to employee benefit plans  | —                                  | 9.5                       | —                            | —                                  | 9.5     |
| Reclassification of tax on amortization of prior service costs/ (credit) into income tax provision                        | —                                  | (0.7)                     | —                            | —                                  | (0.7)   |
| Reclassification of tax on amortization of actuarial (loss)/gain into income tax provision                                | —                                  | 0.5                       | —                            | —                                  | 0.5     |
| Tax on net unrealized gains/(losses) on available-for-sale investments  | —                                  | —                         | —                            | 1.7                                | 1.7     |
| Reclassification of tax on net (gains)/losses on available-for-sale investments   | —                                  | —                         | —                            | 0.1                                | 0.1     |
| Total income tax benefit(expense) related to items of other comprehensive income  | 0.5                                | 9.3                       | —                            | 1.8                                | 11.6    |
| <b>Accumulated other comprehensive income/(loss), net of tax:</b>   |                                    |                           |                              |                                    |         |
| Beginning balance   | 526.6                              | (41.7)                    | 2.9                          | 7.7                                | 495.5   |
| Other comprehensive income/(loss), net of tax:  | (48.3)                             | (33.1)                    | (7.2)                        | (10.5)                             | (99.1)  |
| Other comprehensive (income)/loss attributable to noncontrolling interest   | (23.1)                             | —                         | —                            | —                                  | (23.1)  |
| Ending balance  | 455.2                              | (74.8)                    | (4.3)                        | (2.8)                              | 373.3   |

\* 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 CIP. Of this amount, gross gains of \$8.7 million are reclassified from accumulated other comprehensive income into retained earnings appropriated for investors in CIP.

## 11. SHARE-BASED COMPENSATION

The company recognized total expenses of \$133.1 million, \$136.4 million and \$115.1 million related to equity-settled share-based payment transactions in 2013, 2012 and 2011, respectively. The total income tax benefit recognized in the Consolidated Statements of Income for share-based compensation arrangements was \$37.8 million for 2013 (2012: \$39.1 million; 2011: \$32.5 million).

Cash received from exercise of share options granted under share-based compensation arrangements was \$17.9 million in 2013 (2012: \$23.0 million; 2011: \$12.4 million). The total tax benefit realized from share options exercises was \$7.9 million in 2013 (2012: \$5.4 million; 2011: \$3.5 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. Time-vested and performance-vested share awards are granted in the form of restricted share awards (RSAs) or restricted share units (RSUs). Performance-vested awards are tied to the achievement of specified levels of adjusted diluted earnings per share and adjusted operating margin. In the event that either targeted financial measure is achieved at or above a vesting threshold for a particular performance measurement period, the portion of the performance-vested award subject to targeted financial measures will vest proportionately between 0% and 100% based upon the higher achieved level for that year.

With respect to time-vested awards, dividends accrue directly to the employee holder of RSAs, and cash payments in lieu of dividends are made to employee holders of certain RSUs. With respect to performance-vested awards, dividends and cash payments in lieu of dividends are deferred and are paid at the same rate as on our shares if and to the extent the award vests.

In May 2011, the company's shareholders approved the 2011 Global Equity Incentive Plan, which authorized the issuance of up to 28 million shares under this plan. In May 2010, the board approved the 2010 Global Equity Incentive Plan (ST), which authorized the issuance of up to 3 million shares under this plan. Under the terms of the plan, shares are issued only as employment inducement awards in connection with a strategic transaction and, as a result, do not require shareholder approval under the rules of the New York Stock Exchange or otherwise.

Movements on share awards priced in U.S. dollars during the years ended December 31, are detailed below:

| Millions of shares, except fair values | 2013        |                    |   | 2012        |                    | 2011        |
|--|-------------|--------------------|---|-------------|--------------------|-------------|
|  | Time-Vested | Performance-Vested | Weighted Average Grant Date Fair Value (\$) | Time-Vested | Performance-Vested | Time-Vested |
| Unvested at the beginning of year      | 16.5        | 0.3                | 22.36                                       | 17.3        | —                  | 17.4        |
| Granted during the year                | 5.2         | 0.2                | 26.91                                       | 5.5         | 0.3                | 5.9         |
| Forfeited during the year*             | (0.9)       | —                  | 25.07                                       | (0.4)       | —                  | (0.4)       |
| Vested and distributed during the year | (6.9)       | (0.1)              | 20.08                                       | (5.9)       | —                  | (5.6)       |
| Unvested at the end of the year        | 13.9        | 0.4                | 25.00                                       | 16.5        | 0.3                | 17.3        |

\* Forfeitures during the year ended December 31, 2013 include shares surrendered by former employees as a result of the sale of the Atlantic Trust business to CIBC on December 31, 2013.

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, during the years ended December 31, are detailed below:

| Millions of shares, except fair values | 2013        |   | 2012        |             | 2011        |                    |
|--|-------------|---|-------------|-------------|-------------|--------------------|
|  | Time-Vested | Weighted Average Grant Date Fair Value (£ Sterling) | Time-Vested | Time-Vested | Time-Vested | Performance-Vested |
| Unvested at the beginning of year      | 0.3         | 12.90   | 0.6         | 3.3         | 0.1         | —                  |
| Forfeited during the year              | —           | —   | —           | (0.1)       | —           | —                  |
| Vested and distributed during the year | (0.2)       | 12.90   | (0.3)       | (2.6)       | (0.1)       | —                  |
| Unvested at the end of the year        | 0.1         | 12.90   | 0.3         | 0.6         | —           | —                  |

All share awards outstanding at December 31, 2013, had a weighted average remaining contractual life of 1.35 years. The total fair value of shares that vested during 2013 was \$192.7 million ( 2012 : \$151.6 million ; 2011 : \$207.8 million ). The weighted average grant date fair value of the U.S. dollar share awards that were granted during 2013 was \$26.91 ( 2012 : \$24.84 ; 2011 : \$26.34 ).

At December 31, 2013, there was \$257.0 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 2.87 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 re-listing 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 a historical share option plan which has outstanding share options: The 2000 Share Option Plan. 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/re-listing 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 9, "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 ten 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, 2013 were exercisable and had a range of exercise prices from £6.39 to £8.86, and weighted average remaining contractual life of 1.38 years. The total intrinsic value of options exercised during the years ended December 31, 2013, 2012, and 2011, was \$28.5 million, \$19.6 million, and \$9.2 million, respectively. At December 31, 2013, the aggregate intrinsic value of options outstanding and options exercisable was \$27.3 million. The market price of the company's common stock at December 31, 2013 was \$36.40 ( December 31, 2012 : \$26.09 ).

Changes in outstanding share option awards are as follows:

| Millions of shares, except prices    | 2013    |  | 2012    |  | 2011    |  |
|--------------------------------------|---------|--|---------|--|---------|--|
|                                      | Options | Weighted Average Exercise Price (£ Sterling) | Options | Weighted Average Exercise Price (£ Sterling) | Options | Weighted Average Exercise Price (£ Sterling) |
| Outstanding at the beginning of year | 2.6     | 7.31   | 4.5     | 7.85   | 10.7    | 13.85  |
| Forfeited during the year            | —       | —  | (0.2)   | 14.80  | (5.3)   | 19.70  |
| Exercised during the year            | (1.5)   | 7.30   | (1.7)   | 8.08   | (0.9)   | 8.33   |
| Outstanding at the end of the year   | 1.1     | 7.32   | 2.6     | 7.31   | 4.5     | 7.85   |
| Exercisable at the end of the year   | 1.1     | 7.32   | 2.6     | 7.31   | 4.5     | 7.85   |

## Employee Stock Purchase Plan (ESPP)

During 2012, the company established a nonqualified, broad-based ESPP for all eligible employees. Employees may purchase shares of our common stock generally in annual intervals at 85% of fair market value. Employee ESPP contributions may not exceed \$6,000 per offering period. Upon the plan vesting date, the company either issues new shares or can utilize shares held in treasury (see Note 9, "Share Capital") to satisfy the exercise. For the year ended December 31, 2013, the company recognized \$0.9 million in compensation expense related to the employee stock purchase plan (December 31, 2012: \$0.3 million).

## 12. 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, 2013, of \$54.3 million (December 31, 2012: \$54.2 million, December 31, 2011: \$53.2 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, 2013, accrued contributions of \$21.8 million (December 31, 2012: \$20.5 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 did 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, 2013. 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 are as follows:

| \$ in millions   | Retirement Plans |               | Medical Plan  |               |
|--|------------------|---------------|---------------|---------------|
|  | 2013             | 2012          | 2013          | 2012          |
| Benefit obligation                                     | (486.2)          | (426.7)       | (43.6)        | (53.2)        |
| Fair value of plan assets                              | 407.1            | 338.9         | 10.0          | 9.1           |
| Funded status  | <u>(79.1)</u>    | <u>(87.8)</u> | <u>(33.6)</u> | <u>(44.1)</u> |
| Amounts recognized in the Consolidated Balance Sheets: |                  |               |               |               |
| Other assets   | 2.1              | 3.1           | —             | —             |
| Accounts payable and accrued expenses                  | (81.2)           | (90.9)        | (33.6)        | (44.1)        |
| Funded status  | <u>(79.1)</u>    | <u>(87.8)</u> | <u>(33.6)</u> | <u>(44.1)</u> |

Changes in the benefit obligations were as follows:

| \$ in millions                       | Retirement Plans |        | Medical Plan |       |
|--------------------------------------|------------------|--------|--------------|-------|
|                                      | 2013             | 2012   | 2013         | 2012  |
| January 1                            | 426.7            | 383.3  | 53.2         | 48.1  |
| Service cost                         | 4.4              | 4.5    | 0.2          | 0.3   |
| Interest cost                        | 19.0             | 19.6   | 1.9          | 2.1   |
| Contributions from plan participants | —                | —      | 0.5          | 0.5   |
| Actuarial (gains)/losses             | 32.6             | 15.0   | (8.9)        | 4.4   |
| Exchange difference                  | 12.1             | 19.6   | —            | —     |
| Benefits paid                        | (8.6)            | (15.3) | (1.8)        | (2.2) |
| Curtailment                          | —                | —      | (1.5)        | —     |
| December 31                          | 486.2            | 426.7  | 43.6         | 53.2  |

Key assumptions used in plan valuations are detailed below. Appropriate local mortality tables are also used. The weighted average assumptions used to determine defined benefit obligations at December 31, 2013, and 2012 are as follows:

|  | Retirement Plans |       | Medical Plan |             |
|--|------------------|-------|--------------|-------------|
|  | 2013             | 2012  | 2013         | 2012        |
| Discount rate                                    | 4.39%            | 4.67% | 4.70%        | 3.79%       |
| Expected rate of salary increases                | 3.37%            | 3.09% | 2.50%        | 2.50%       |
| Future pension/medical cost trend rate increases | 2.85%            | 2.79% | 5.00%-7.20%  | 5.00%-7.60% |

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

| \$ in millions                       | Retirement Plans |        | Medical Plan |       |
|--------------------------------------|------------------|--------|--------------|-------|
|                                      | 2013             | 2012   | 2013         | 2012  |
| January 1                            | 338.9            | 288.3  | 9.1          | 8.2   |
| Actual return on plan assets         | 51.4             | 35.5   | 1.0          | 1.0   |
| Exchange difference                  | 9.1              | 16.2   | —            | —     |
| Contributions from the company       | 15.3             | 13.0   | —            | —     |
| Contributions from plan participants | —                | —      | 0.2          | 0.2   |
| Benefits paid                        | (8.6)            | (14.3) | (0.3)        | (0.3) |
| Settlement and other                 | 1.0              | 0.2    | —            | —     |
| December 31                          | 407.1            | 338.9  | 10.0         | 9.1   |

The components of the amount recognized in accumulated other comprehensive income at December 31, 2013, and 2012 are as follows:

| \$ in millions              | Retirement Plans |       | Medical Plan |       |
|-----------------------------|------------------|-------|--------------|-------|
|                             | 2013             | 2012  | 2013         | 2012  |
| Prior service cost/(credit) | —                | —     | (5.7)        | (9.9) |
| Net actuarial loss/(gain)   | 100.7            | 100.9 | 0.2          | 11.6  |
| Total                       | 100.7            | 100.9 | (5.5)        | 1.7   |

The amounts in accumulated other comprehensive income expected to be amortized into net periodic benefit cost during the year ending December 31, 2014 are as follows:

| \$ in millions              | Retirement Plans | Medical Plan |
|-----------------------------|------------------|--------------|
| Prior service cost/(credit) | —                | (1.5)        |
| Net actuarial loss/(gain)   | 1.8              | —            |
| Total                       | 1.8              | (1.5)        |

The total 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 |       |
|---|------------------|-------|
|   | 2013             | 2012  |
| Plans with accumulated benefit obligation in excess of plan assets: |                  |       |
| Accumulated benefit obligation                                      | 473.2            | 416.6 |
| Fair value of plan assets   | 394.2            | 325.1 |
| Plans with projected benefit obligation in excess of plan assets:   |                  |       |
| Projected benefit obligation  | 473.2            | 416.6 |
| Fair value of plan assets   | 394.2            | 325.1 |

### 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 |       |       |
|---|------------------|--------|--------|--------------|-------|-------|
|   | 2013             | 2012   | 2011   | 2013         | 2012  | 2011  |
| Service cost                                | (4.4)            | (4.5)  | (4.4)  | (0.2)        | (0.3) | (0.5) |
| Interest cost                               | (19.0)           | (19.6) | (19.1) | (1.9)        | (2.1) | (2.3) |
| Expected return on plan assets              | 18.5             | 17.4   | 17.6   | 0.6          | 0.5   | 0.5   |
| Amortization of prior service cost/(credit) | (0.1)            | —      | —      | 2.0          | 2.0   | 2.0   |
| Amortization of net actuarial gain/(loss)   | (2.0)            | (2.2)  | (1.2)  | (0.3)        | (0.2) | (0.3) |
| Net periodic benefit cost                   | (7.0)            | (8.9)  | (7.1)  | 0.2          | (0.1) | (0.6) |

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2013, 2012, and 2011 are:

|                                   | Retirement Plans |       |       |
|-----------------------------------|------------------|-------|-------|
|                                   | 2013             | 2012  | 2011  |
| Discount rate                     | 4.67%            | 4.92% | 5.65% |
| Expected return on plan assets    | 5.60%            | 5.75% | 5.84% |
| Expected rate of salary increases | 3.09%            | 3.34% | 3.60% |
| Future pension rate increases     | 2.79%            | 3.22% | 3.49% |

|  | Medical Plan |             |             |
|--|--------------|-------------|-------------|
|  | 2013         | 2012        | 2011        |
| Discount rate                            | 3.79%        | 4.34%       | 5.20%       |
| Expected return on plan assets           | 6.50%        | 7.00%       | 7.00%       |
| Expected rate of salary increases        | 2.50%        | 3.00%       | 3.00%       |
| Future medical cost trend rate increases | 5.00%-7.60%  | 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 |       |       |
|--|--------------|-------|-------|
|  | 2013         | 2012  | 2011  |
| Health care cost trend rate assumed for next year              | 7.60%        | 8.00% | 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         | 2020  | 2020  |





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 | 0.2      | (0.2)    |
| Effect on defined benefit obligation           | 5.0      | (4.2)    |

### Plan Assets

The analysis of the plan assets as of December 31, 2013 was as follows:

| \$ in millions                   | Retirement Plans | % of Plan Assets | Medical Plan | % of Plan Assets |
|----------------------------------|------------------|------------------|--------------|------------------|
| Cash and cash equivalents        | 4.1              | 1.0%             | 0.2          | 2.0%             |
| Fund investments                 | 193.0            | 47.3%            | 9.8          | 98.0%            |
| Equity securities                | 122.8            | 30.2%            | —            | —%               |
| Government debt securities       | 65.6             | 16.1%            | —            | —%               |
| Other assets                     | 6.4              | 1.6%             | —            | —%               |
| Guaranteed investments contracts | 15.2             | 3.7%             | —            | —%               |
| <b>Total</b>                     | <b>407.1</b>     | <b>100.0%</b>    | <b>10.0</b>  | <b>100.0%</b>    |

The analysis of the plan assets as of December 31, 2012 was as follows:

| \$ in millions                   | Retirement Plans | % of Plan Assets | Medical Plan | % of Plan Assets |
|----------------------------------|------------------|------------------|--------------|------------------|
| Cash and cash equivalents        | 7.2              | 2.1%             | 0.2          | 2.2%             |
| Fund investments                 | 164.9            | 48.6%            | 8.9          | 97.8%            |
| Equity securities                | 92.4             | 27.3%            | —            | —%               |
| Government debt securities       | 58.3             | 17.2%            | —            | —%               |
| Other assets                     | 1.3              | 0.4%             | —            | —%               |
| Guaranteed investments contracts | 14.8             | 4.4%             | —            | —%               |
| <b>Total</b>                     | <b>338.9</b>     | <b>100.0%</b>    | <b>9.1</b>   | <b>100.0%</b>    |

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, 2013 :

| \$ in millions                   | As of December 31, 2013    |   |   |  |
|----------------------------------|----------------------------|---|---|--|
|                                  | Fair Value<br>Measurements | Quoted Prices in<br>Active Markets for<br>Identical Assets (Level<br>1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs (Level 3) |
| Cash and cash equivalents        | 0.2                        | 0.2   | —   | —  |
| Fund investments                 | 202.8                      | 202.8   | —   | —  |
| Equity securities                | 122.8                      | 122.8   | —   | —  |
| Government debt securities       | 65.6                       | 12.7  | 52.9  | —  |
| Other assets                     | 6.4                        | 6.4   | —   | —  |
| Guaranteed investments contracts | 15.2                       | —   | —   | 15.2   |
| <b>Total</b>                     | <b>413.0</b>               | <b>344.9</b>  | <b>52.9</b>   | <b>15.2</b>                                  |

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, 2012 :

| \$ in millions                  | As of December 31, 2012 |  |   |   |
|---------------------------------|-------------------------|--|---|---|
|                                 | 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                | 173.8                   | 173.8  | —   | —   |
| Equity securities               | 92.4                    | 92.4   | —   | —   |
| Government debt securities      | 58.3                    | 15.3   | 43.0  | —   |
| Other assets                    | 1.3                     | 1.3  | —   | —   |
| Guaranteed investment contracts | 14.8                    | —  | —   | 14.8                                      |
| <b>Total</b>                    | <b>340.8</b>            | <b>283.0</b>   | <b>43.0</b>                                   | <b>14.8</b>                               |

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 2 , “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 \$4.1 million held at December 31, 2013 ( December 31, 2012 : \$7.2 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 December 31, 2013 | Year ended December 31, 2012 |
|---|------------------------------|------------------------------|
| Balance, beginning of year  | 14.8                         | 13.9                         |
| Unrealized gains/(losses) relating to the instrument still held at the reporting date | 1.1                          | 1.2                          |
| Purchases, sales, issuances and settlements (net)                                     | (0.7)                        | (0.3)                        |
| Balance, end of year  | <b>15.2</b>                  | <b>14.8</b>                  |

*Quantitative Information about Level 3 Fair Value Measurements*

The following table shows significant unobservable inputs used in the fair value measurement of level 3 assets and liabilities:

| Assets                          | Fair Value at December 31, 2013 (\$ in millions) | Valuation Technique  | Unobservable Inputs  | Range  |
|---------------------------------|--|----------------------|----------------------|--|
| Guaranteed investment contracts | 15.2   | Discounted cash flow | Discount rate        | 4.4%   |
|                                 |  |                      | Mortality assumption | Standard UK mortality tables with a long-term rate of improvement of 1.25% |

For the guaranteed investment contracts, significant increases in the discount rate in isolation would result in significantly lower fair value measurements.

**Cash Flows**

The estimated amounts of contributions expected to be paid to the plans during 2014 are \$15.9 million for retirement plans and \$2.2 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 Plans | Medical Plan |
|---|------------------|--------------|
| Expected benefit payments:              |                  |              |
| 2014                                    | 9.6              | 2.3          |
| 2015                                    | 9.9              | 2.4          |
| 2016                                    | 10.6             | 2.4          |
| 2017                                    | 11.6             | 2.4          |
| 2018                                    | 13.0             | 2.3          |
| Thereafter in the succeeding five years | 84.2             | 12.1         |

**13. 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 2025.

As of December 31, 2013, the company's total future commitments by year under non-cancelable operating leases are as follows:

| \$ in millions   | Total | Buildings | Other |
|--|-------|-----------|-------|
| 2014   | 65.2  | 61.2      | 4.0   |
| 2015   | 67.1  | 63.3      | 3.8   |
| 2016   | 62.2  | 60.5      | 1.7   |
| 2017   | 49.6  | 47.9      | 1.7   |
| 2018   | 49.1  | 47.4      | 1.7   |
| Thereafter   | 231.3 | 227.2     | 4.1   |
| Gross lease commitments  | 524.5 | 507.5     | 17.0  |
| Less: future minimum payments expected to be received under non-cancelable subleases | 34.4  | 34.4      | —     |
| Net lease commitments  | 490.1 | 473.1     | 17.0  |

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 \$63.0 million , \$67.4 million , and \$64.2 million in operating lease expenses in the Consolidated Statements of Income in 2013 , 2012 and 2011 , respectively. These expenses are net of \$11.1 million , \$11.4 million and \$11.4 million of sublease income in 2013 , 2012 and 2011 , respectively.

#### 14. OTHER GAINS AND LOSSES, NET

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

| \$ in millions  | 2013          | 2012          | 2011         |
|---|---------------|---------------|--------------|
| <b>Other gains:</b>   |               |               |              |
| Gain on sale of investments                                       | 3.6           | 5.3           | 9.4          |
| Unrealized gain on trading investments, net                       | 38.5          | 19.7          | —            |
| Gain on sale of CLO management contracts                          | —             | 8.3           | —            |
| Net foreign exchange gains  | —             | 0.3           | —            |
| Settlement of litigation <sup>(1)</sup>                           | —             | —             | 45.0         |
| Other realized gains  | 3.2           | 4.1           | —            |
| Total other gains   | <u>45.3</u>   | <u>37.7</u>   | <u>54.4</u>  |
| <b>Other losses:</b>  |               |               |              |
| Other-than-temporary impairment of available-for-sale investments | —             | (0.8)         | (1.0)        |
| Unrealized loss on trading investments, net                       | —             | —             | (2.6)        |
| Net foreign exchange losses                                       | (0.6)         | —             | (0.6)        |
| Payment to investment trust <sup>(2)</sup>                        | (31.9)        | —             | —            |
| Liquidation of co-investment                                      | (4.1)         | —             | —            |
| Foreign exchange hedge loss                                       | (1.8)         | (2.5)         | —            |
| Loss on debt extinguishment                                       | —             | (23.5)        | —            |
| Other realized losses   | (4.3)         | (2.6)         | (1.2)        |
| Total other losses  | <u>(42.7)</u> | <u>(29.4)</u> | <u>(5.4)</u> |
| Other gains and losses, net                                       | <u>2.6</u>    | <u>8.3</u>    | <u>49.0</u>  |

(1) 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.

(2) On December 31, 2013, at the time of creating a new trust company subsidiary to continue operating the company's institutional trust activities immediately following the disposition of Atlantic Trust, the company made a \$31.9 million payment to a managed investment trust, which resulted in the subsequent termination of an outstanding support agreement. See Note 18 , "Commitments and Contingencies."

## 15. TAXATION

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

| \$ in millions                      | 2013                  | 2012                  | 2011                  |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Current:</b>                     |                       |                       |                       |
| Federal                             | (149.3)               | (103.5)               | (88.7)                |
| State                               | (22.0)                | (15.6)                | (15.0)                |
| Foreign                             | (129.9)               | (114.6)               | (108.7)               |
|                                     | <u>(301.2)</u>        | <u>(233.7)</u>        | <u>(212.4)</u>        |
| <b>Deferred:</b>                    |                       |                       |                       |
| Federal                             | (24.1)                | (30.2)                | (54.1)                |
| State                               | (7.4)                 | 9.4                   | (1.1)                 |
| Foreign                             | (4.2)                 | (6.9)                 | (12.4)                |
|                                     | <u>(35.7)</u>         | <u>(27.7)</u>         | <u>(67.6)</u>         |
| <b>Total income tax (provision)</b> | <u><u>(336.9)</u></u> | <u><u>(261.4)</u></u> | <u><u>(280.0)</u></u> |

The net deferred tax recognized in the Consolidated Balance Sheets at December 31 , 2013 and 2012 , respectively, includes the following:

| \$ in millions   | 2013                  | 2012                  |
|--|-----------------------|-----------------------|
| <b>Deferred tax assets:</b>                            |                       |                       |
| Deferred compensation arrangements                     | 59.6                  | 69.4                  |
| Accrued rent expenses                                  | 20.0                  | 23.4                  |
| Tax loss carryforwards                                 | 104.8                 | 137.5                 |
| Postretirement medical, pension and other benefits     | 32.6                  | 41.6                  |
| Investment basis differences                           | 3.9                   | 11.3                  |
| Accrued bonus  | 25.9                  | 6.7                   |
| Other  | 13.1                  | 14.9                  |
| <b>Total deferred tax assets</b>                       | <u>259.9</u>          | <u>304.8</u>          |
| Valuation allowance                                    | (102.8)               | (137.5)               |
| <b>Deferred tax assets, net of valuation allowance</b> | <u>157.1</u>          | <u>167.3</u>          |
| <b>Deferred tax liabilities:</b>                       |                       |                       |
| Deferred sales commissions                             | (23.2)                | (23.7)                |
| Goodwill and intangibles                               | (420.5)               | (397.7)               |
| Undistributed earnings of subsidiaries                 | (1.4)                 | (4.3)                 |
| Revaluation reserve                                    | (5.3)                 | (5.2)                 |
| Other  | (22.9)                | (9.4)                 |
| <b>Total deferred tax liabilities</b>                  | <u>(473.3)</u>        | <u>(440.3)</u>        |
| <b>Net deferred tax assets/(liabilities)</b>           | <u><u>(316.2)</u></u> | <u><u>(273.0)</u></u> |

A reconciliation between the statutory rate and the effective tax rate on income from operations for the years ended December 31 , 2013 , 2012 and 2011 is as follows:

|   | 2013                 | 2012                 | 2011                 |
|---|----------------------|----------------------|----------------------|
| Statutory Rate  | 35.0 %               | 35.0 %               | 35.0 %               |
| Foreign jurisdiction statutory income tax rates                 | (9.4)%               | (9.5)%               | (10.2)%              |
| State taxes, net of federal tax effect                          | 1.5 %                | 1.4 %                | 1.5 %                |
| Change in valuation allowance for unrecognized tax losses       | (0.1)%               | 0.8 %                | 1.6 %                |
| Other   | 0.7 %                | 0.7 %                | 0.1 %                |
| (Gains)/losses attributable to noncontrolling interests         | (0.9)%               | 3.1 %                | 3.4 %                |
| <b>Effective tax rate per Consolidated Statements of Income</b> | <u><u>26.8 %</u></u> | <u><u>31.5 %</u></u> | <u><u>31.4 %</u></u> |

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 23% , the Canadian statutory tax rate is 26.5% and the U.S. Federal statutory tax rate is 35% .

On July 17, 2013, the U.K. Finance Bill 2013 received Royal Assent, and therefore was enacted for U.S. GAAP purposes during the third quarter of 2013. The bill further reduces the U.K. tax rate to 21% (previously 22% ) from April 1, 2014 and 20% (previously 21% ) from April 1, 2015.

The division of income/(losses) before taxes between U.S. and foreign for the years ended December 31, 2013 , 2012 and 2011 is as follows:

| \$ in millions (except percentages)                   | 2013    | 2012    | 2011    |
|---|---------|---------|---------|
| U.S.  | 553.1   | 456.6   | 470.4   |
| CIP - U.S.  | 45.2    | 59.7    | 93.0    |
| Total U.S. income before income taxes                 | 598.3   | 516.3   | 563.4   |
| Foreign   | 666.1   | 474.5   | 509.1   |
| CIP - Foreign   | (9.2)   | (160.2) | (180.4) |
| Total Foreign income before income taxes              | 656.9   | 314.3   | 328.7   |
| Income from continuing operations before income taxes | 1,255.2 | 830.6   | 892.1   |

At December 31, 2013 the company had tax loss carryforwards accumulated in certain taxing jurisdictions in the aggregate of \$332.0 million ( 2012 : \$430.8 million ), approximately \$2.3 million of which will expire between 2014 and 2018, \$69.3 million of which will expire after 2018, with the remaining \$260.4 million having an indefinite life. A valuation allowance has been recorded against the deferred tax assets related to these losses where a history of losses in the respective tax jurisdiction makes it unlikely that the deferred tax asset 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, direct investments in CSIP and CIP, 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 \$1,007.6 million at December 31, 2013 , compared with \$1,029.9 million at December 31, 2012 . 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 \$1.4 million ( 2012 : \$4.3 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, 2013, the company had approximately \$22.6 million of gross unrecognized income tax benefits (UTBs). Of this total, \$17.9 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, 2011, to December 31, 2013, is as follows:

| <b>\$ in millions</b>                                     | <b>Gross Unrecognized<br/>Income Tax Benefits</b> |
|---|---|
| Balance at January 1, 2011                                | 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  |
| Additions for tax positions related to the current year   | —   |
| Additions for tax positions related to prior years        | 4.3   |
| Other reductions for tax positions related to prior years | (1.2)   |
| Reductions for statute closings                           | —   |
| Balance at December 31, 2012                              | 22.6  |
| Additions for tax positions related to the current year   | 1.0   |
| Additions for tax positions related to prior years        | 0.7   |
| Other reductions for tax positions related to prior years | (7.5)   |
| Reductions for statute closings                           | —   |
| Balance at December 31, 2013                              | 16.8  |

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, 2013, the total amount of gross unrecognized tax benefits was \$16.8 million. Of this total, \$12.1 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. The Consolidated Balance Sheet includes accrued interest and penalties of \$5.1 million at December 31, 2013, reflecting \$0.4 million of settlement for accrued interest and penalties in 2013 (year ended December 31, 2012: \$4.7 million accrued interest and penalties, \$0.8 million settlement for accrued interest and penalties in 2012; year ended December 31, 2011: \$5.7 million accrued interest and penalties, \$0.3 million tax accrued). 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, 2013, management had identified no other potential subsequent events that could have a significant impact on the unrecognized tax benefits balance.



## 16. EARNINGS PER SHARE

The calculation of earnings per share is as follows:

| In millions, except per share data  | Years ended December 31, |         |         |
|---|--------------------------|---------|---------|
|   | 2013                     | 2012    | 2011    |
| Income from continuing operations, net of taxes   | \$918.3                  | \$569.2 | \$612.1 |
| Net (income)/loss attributable to noncontrolling interests in consolidated entities                   | (42.5)                   | 89.8    | 107.7   |
| Income from continuing operations attributable to Invesco Ltd. for basic and diluted EPS calculations | 875.8                    | 659.0   | 719.8   |
| Income from discontinued operations, net of taxes   | 64.5                     | 18.1    | 9.9     |
| Net income attributable to common shareholders  | \$940.3                  | \$677.1 | \$729.7 |
| Weighted average shares outstanding - basic   | 447.5                    | 452.3   | 462.9   |
| Dilutive effect of share-based awards   | 1.0                      | 1.5     | 1.8     |
| Weighted average shares outstanding - diluted   | 448.5                    | 453.8   | 464.7   |
| <b>Basic earnings per share:</b>  |                          |         |         |
| Earnings per share from continuing operations   | \$1.96                   | \$1.46  | \$1.55  |
| Earnings per share from discontinued operations   | \$0.14                   | \$0.04  | \$0.02  |
| Basic earnings per share  | \$2.10                   | \$1.50  | \$1.58  |
| <b>Diluted earnings per share:</b>  |                          |         |         |
| Earnings per share from continuing operations   | \$1.95                   | \$1.45  | \$1.55  |
| Earnings per share from discontinued operations   | \$0.14                   | \$0.04  | \$0.02  |
| Diluted earnings per share  | \$2.10                   | \$1.49  | \$1.57  |

See Note 11, "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.

There were no antidilutive options excluded from the computation of diluted earnings per share in the year ended December 31, 2013, (December 31, 2012: none; December 31, 2011: 0.1 million share options at a weighted average exercise price of £18.11). Antidilutive options are those where the options' exercise prices are greater than the average market price of the shares.

There were no time-vested share awards that were excluded from the computation of diluted earnings per share during the years ended December 31, 2013, 2012, and 2011 due to their inclusion being anti-dilutive. There were 0.3 million contingently issuable shares excluded from the diluted earnings per share computation during year ended December 31, 2013 (December 31, 2012: 0.2 million; December 31, 2011: none), because the necessary performance conditions for the shares to be issuable had not yet been satisfied at the end of the respective period.

## 17. 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<br>Europe | Asia         | Total          |
|--------------------------------------|----------------|----------------|--------------|-----------------------|--------------|----------------|
| For the year ended December 31, 2013 |                |                |              |                       |              |                |
| Revenue from external customers      | 2,332.2        | 1,792.4        | 374.8        | 43.5                  | 101.7        | 4,644.6        |
| Inter-company revenue                | (3.6)          | (194.0)        | (9.8)        | 111.2                 | 96.2         | —              |
| Total operating revenues             | <u>2,328.6</u> | <u>1,598.4</u> | <u>365.0</u> | <u>154.7</u>          | <u>197.9</u> | <u>4,644.6</u> |
| Long-lived assets                    | 225.8          | 92.9           | 9.5          | 7.1                   | 15.5         | 350.8          |
| For the year ended December 31, 2012 |                |                |              |                       |              |                |
| Revenue from external customers      | 2,063.6        | 1,492.1        | 346.4        | 43.0                  | 105.3        | 4,050.4        |
| Inter-company revenue                | (6.5)          | (144.0)        | (13.2)       | 78.3                  | 85.4         | —              |
| Total operating revenues             | <u>2,057.1</u> | <u>1,348.1</u> | <u>333.2</u> | <u>121.3</u>          | <u>190.7</u> | <u>4,050.4</u> |
| Long-lived assets                    | 228.7          | 83.6           | 9.4          | 7.1                   | 20.8         | 349.6          |
| For the year ended December 31, 2011 |                |                |              |                       |              |                |
| Revenue from external customers      | 1,980.3        | 1,473.1        | 372.3        | 38.8                  | 117.8        | 3,982.3        |
| Inter-company revenue                | (8.1)          | (152.8)        | (14.1)       | 76.7                  | 98.3         | —              |
| Total operating revenues             | <u>1,972.2</u> | <u>1,320.3</u> | <u>358.2</u> | <u>115.5</u>          | <u>216.1</u> | <u>3,982.3</u> |
| Long-lived assets                    | 196.7          | 81.5           | 7.9          | 4.9                   | 21.8         | 312.8          |

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

## 18. 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. 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, 2013, the company's undrawn capital and purchase commitments were \$152.5 million (December 31, 2012 : \$209.3 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. During October 2013, the agreement related to one of the trusts terminated. On December 31, 2013, at the time of creating a new trust company subsidiary to continue operating the company's institutional trust activities immediately following the disposition of Atlantic Trust, the company made a \$31.9 million payment to the second managed investment trust, which resulted in the termination of the outstanding support agreement in January 2014. This expense was recorded in other gains/(losses) in the company's Consolidated Statement of Income during the three months ended December 31, 2013.

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 remain pending. A similar suit was filed in Massachusetts in 2013. A motion to dismiss this suit was filed April 1, 2013. The court in the Massachusetts case granted the motion on August 27, 2013; plaintiffs filed a notice of appeal.

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. In management's opinion, adequate accrual has been made as of December 31, 2013 to provide for any such losses that may arise from matters for which the company could reasonably estimate an amount. 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. 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, United Kingdom, 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 United States, United Kingdom, 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.

Included among these inquiries is an ongoing review by the Enforcement Division of the U.K. Financial Conduct Authority ("FCA") of certain matters pertaining to the company's compliance with FCA rules and regulations for the period May 2008 to November 2012. The company is cooperating fully with the FCA review and is seeking to resolve this investigation on a consensual basis, although there can be no assurance that the company's efforts to do so will succeed. The company believes that its current systems and controls now are adequate and in compliance with applicable regulations. The company is not able at this time to estimate the amount of any potential fine arising from the resolution of this matter; however, the company believes that any fine would not have a material adverse effect on its financial position or liquidity.

In a separate matter, a Canadian subsidiary of the company has received assessments related to various prior taxation periods for goods and services tax on revenue to which management fee rebates had been applied in those periods. The assessments, related interest, and penalty amounts are approximately \$20.6 million. Management believes Canada Revenue Agency's claims are unfounded and that these assessments are unlikely to stand, and accordingly no provision has been recorded in the Consolidated Financial Statements.

## 19 . CONSOLIDATED SPONSORED INVESTMENT PRODUCTS

During the year ended December 31, 2013 , the company consolidated certain managed funds that meet the CSIP definition in Note 1, "Accounting Policies." The following table presents the balances related to CSIP that are included on the Consolidated Balance Sheet as well as Invesco's net interests in CSIP at December 31, 2013 ( December 31, 2012 : none):

| \$ in millions   | December 31, 2013 |
|--|-------------------|
| Investments of CSIP  | 93.2              |
| Cash and cash equivalents of CSIP                              | 12.7              |
| Accounts receivable and other assets of CSIP                   | 2.6               |
| Other liabilities of CSIP                                      | (4.7)             |
| Equity attributable to nonredeemable noncontrolling interests  | (12.0)            |
| Invesco's net interests in CSIP                                | 91.8              |
| Invesco's net interests as a percentage of investments of CSIP | 98.5%             |

The carrying value of investments held by CSIP is also their fair value. The following table presents the fair value hierarchy levels of investments held by CSIP, which are measured at fair value as of December 31, 2013 (as of December 31, 2012 : none ):

| \$ in millions                             | As of December 31, 2013    |   |   |   |
|--|----------------------------|---|---|---|
|  | Fair Value<br>Measurements | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Investments:</b>                        |                            |   |   |   |
| Fixed income securities                    | 43.2                       | —   | 43.2  | —   |
| Equity securities                          | 27.8                       | 27.8  | —   | —   |
| Investments in fixed income fund*          | 6.0                        | 6.0   | —   | —   |
| Investments in other private equity funds* | 16.2                       | —   | —   | 16.2  |
| Total investments at fair value            | 93.2                       | 33.8  | 43.2  | 16.2  |

\* Investments in the fixed income fund and other private equity funds are valued using the net asset value (NAV) as a practical expedient. The NAVs that have been provided are derived from the fair values of the underlying investments as of the consolidation date. Refer to Note 20 , "Consolidated Investment Products," for additional discussion regarding the fair value of private equity funds.

The table below summarizes as of December 31, 2013 , the nature of investments that are valued using the NAV as a practical expedient and any related liquidation restrictions or other factors which may impact the ultimate value realized:

|                              | Fair Value at December<br>31, 2013<br>(\$ in millions) | Total Unfunded<br>Commitments (\$ in<br>millions) | Weighted Average<br>Remaining Term <sup>(1)</sup> | Redemption<br>Frequency | Redemption Notice<br>Period |
|------------------------------|--|---|---|-------------------------|-----------------------------|
| Fixed income fund            | \$6.0  | \$—   | n/a   | Monthly                 | 10 days                     |
| Private equity fund of funds | \$16.2   | \$35.6  | 8.1 years   | n/a <sup>(2)</sup>      | n/a <sup>(2)</sup>          |

(1) These investments are expected to be returned through distributions as a result of liquidations of the funds' underlying assets over the weighted average periods indicated.

- (2) These investments are not subject to redemption; however, for certain funds, the investors may sell or transfer their interest, which may require approval by the general partner of the underlying funds.

Equity securities 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.

Fixed income securities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Depending on the nature of the inputs, these investments are categorized as level 1, 2, or 3.

The following table shows a reconciliation of the beginning and ending fair value measurements for level 3 assets using significant unobservable inputs for the year ended December 31, 2013 (December 31, 2012 : none):

| \$ in millions  | December 31, 2013 |
|---|-------------------|
| Beginning balance   | —                 |
| Consolidation of CSIP   | 13.2              |
| Purchases   | 2.5               |
| Gains and losses included in the Consolidated Statements of Income* | 0.5               |
| Ending balance  | 16.2              |

\* Included in other income/(loss) of CSIP, net, in the Consolidated Statement of Income for the year ended December 31, 2013 are \$0.5 million in net unrealized gains attributable to investments still held at December 31, 2013.

## 20. CONSOLIDATED INVESTMENT PRODUCTS

The following table presents the balances related to CIP that are included on the Consolidated Balance Sheets as well as Invesco's net interest in the CIP for each period presented.

| \$ in millions  | As of             |                   |
|---|-------------------|-------------------|
|   | December 31, 2013 | December 31, 2012 |
| Cash and cash equivalents of CIP                                    | 583.6             | 287.8             |
| Investments of CIP  | 4,734.7           | 4,550.6           |
| Accounts receivable and other assets of CIP                         | 58.3              | 84.1              |
| Less: Debt of CIP   | (4,181.7)         | (3,899.4)         |
| Less: Other liabilities of CIP                                      | (461.8)           | (104.3)           |
| Less: Retained earnings appropriated for investors in CIP           | (104.3)           | (128.8)           |
| Less: Equity attributable to nonredeemable noncontrolling interests | (570.1)           | (727.8)           |
| Invesco's net interests in CIP                                      | 58.7              | 62.2              |
| Invesco's net interests as a percentage of investments of CIP       | 1.2%              | 1.4%              |

The company's risk with respect to each investment in CIP is limited to its equity ownership and any uncollected management and performance fees. Therefore, the gains or losses of CIP have not had a significant impact on the company's net income attributable to common shareholders, 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 and performance 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 CIP 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.

As discussed in Note 18 , “Commitments and Contingencies,” in 2007 the company 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. As of the date of this Report, the agreements related to both trusts had terminated. 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, 2013 , 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 |
|--|--------------------|----------------|--------------------------------|
| CLO investments                              | 3                  | 4.0            | 4.0                            |
| Partnership and trust investments            | —                  | 28.2           | 28.2                           |
| Investments in Invesco Mortgage Capital Inc. | —                  | 28.2           | 28.2                           |
| Support agreement*                           | 18                 | —              | 15.0                           |
| <b>Total</b>                                 |                    |                | <b>75.4</b>                    |

\* As of December 31, 2013 , the committed support under the agreement was \$15.0 million with an internal approval mechanism to increase the maximum possible support to \$60.0 million at the option of the company. The company made a \$31.9 million payment on December 31, 2013 which resulted in the termination of the support agreement in January 2014. This payment was recorded in Other gains and losses, net. See note 14, "Other gains and losses, net."

During the year ended December 31, 2013 , the company invested in and consolidated five new VIEs and one VOE (December 31, 2012 the company invested in and consolidated two VIEs). The tables below illustrate the summary balance sheet amounts related to these products before consolidation into the company. The balances below are reflective of the balances existing at the consolidation date after the initial funding of the investments by the company and unrelated third-party investors. The current period activity for the consolidated funds, including the initial funding and subsequent investment of initial cash balances into underlying investments of CIP, is reflected in the company's Consolidated Financial Statements.

### Balance Sheet

| \$ in millions                              | For the year ended December 31, 2013 |             | For the year ended December 31, 2012 |
|---|--------------------------------------|-------------|--------------------------------------|
|   | VIEs                                 | VOEs        | VIEs                                 |
| Cash and cash equivalents of CIP            | 967.3                                | 6.6         | 498.9                                |
| Accounts receivable and other assets of CIP | 13.5                                 | 2.6         | 17.6                                 |
| Investments of CIP                          | 1,091.9                              | 52.2        | 693.3                                |
| <b>Total assets</b>                         | <b>2,072.7</b>                       | <b>61.4</b> | <b>1,209.8</b>                       |
| Debt of CIP                                 | 1,346.5                              | 25.0        | 803.6                                |
| Other liabilities of CIP                    | 728.7                                | 36.0        | 406.2                                |
| <b>Total liabilities</b>                    | <b>2,075.2</b>                       | <b>61.0</b> | <b>1,209.8</b>                       |
| <b>Total equity</b>                         | <b>(2.5)</b>                         | <b>0.4</b>  | <b>—</b>                             |
| <b>Total liabilities and equity</b>         | <b>2,072.7</b>                       | <b>61.4</b> | <b>1,209.8</b>                       |

During the year ended December 31, 2013 , the company deconsolidated four entities: a CLO due to a reassessment of rights held by others; a CLO and CLO warehouse in liquidation; and a private equity fund due to a change in the ownership of the parent of the general partner of the fund. During the year ended December 31, 2012, the company determined it was no longer the primary beneficiary of certain CLOs due to reconsideration and liquidation events. These reconsideration events included the sale of our management agreements and equity interests in certain CLOs and reassessment of the rights held by other unaffiliated investors. The amounts deconsolidated from the Consolidated Balance Sheet are illustrated in the table below. There was no net impact to the Consolidated Statements of Income for the years ended December 31, 2013 and December 31, 2012 from the deconsolidation of these investment products.

**Balance Sheet**

| \$ in millions                              | For the year ended December 31,<br>2013 |      | For the year ended<br>December 31, 2012 |
|---|---|------|---|
|   | CLOs - VIEs                             | VOEs | CLOs - VIEs                             |
| Cash and cash equivalents of CIP            | 1.9                                     | 6.6  | 151.7                                   |
| Accounts receivable and other assets of CIP | 4.2                                     | 12.1 | 29.5                                    |
| Investments of CIP                          | 260.5                                   | 76.1 | 2,247.4                                 |
| Total assets                                | 266.6                                   | 94.8 | 2,428.6                                 |
| Debt of CIP                                 | 241.1                                   | 25.0 | 2,264.2                                 |
| Other liabilities of CIP                    | 2.4                                     | 36.0 | 47.5                                    |
| Total liabilities                           | 243.5                                   | 61.0 | 2,311.7                                 |
| Total equity                                | 23.1                                    | 33.8 | 116.9                                   |
| Total liabilities and equity                | 266.6                                   | 94.8 | 2,428.6                                 |

The following tables reflect the impact of consolidation of investment products into the Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012, and the Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011.

**Summary of Balance Sheet Impact of CIP**

| \$ in millions   | As of December 31, 2013 |            |       |                            |               |
|--|-------------------------|------------|-------|----------------------------|---------------|
|  | CLOs - VIEs             | Other VIEs | VOEs  | Adjustments <sup>(1)</sup> | Impact of CIP |
| Accounts receivable  | —                       | —          | —     | (3.4)                      | (3.4)         |
| Investments  | —                       | —          | —     | (55.3)                     | (55.3)        |
| Cash and cash equivalents of CIP   | 542.3                   | 5.6        | 35.7  | —                          | 583.6         |
| Accounts receivable of CIP   | 56.3                    | 0.2        | 1.8   | —                          | 58.3          |
| Investments of CIP   | 4,237.3                 | 40.4       | 512.2 | (55.2)                     | 4,734.7       |
| Total assets   | 4,835.9                 | 46.2       | 549.7 | (113.9)                    | 5,317.9       |
| Debt of CIP  | 4,270.4                 | —          | —     | (88.7)                     | 4,181.7       |
| Other liabilities of CIP   | 461.4                   | 0.9        | 3.0   | (3.5)                      | 461.8         |
| Total liabilities  | 4,731.8                 | 0.9        | 3.0   | (92.2)                     | 4,643.5       |
| Retained earnings appropriated for investors in CIP                                    | 104.3                   | —          | —     | —                          | 104.3         |
| Other equity attributable to common shareholders                                       | (0.2)                   | (0.3)      | 22.0  | (21.7)                     | (0.2)         |
| Equity attributable to nonredeemable noncontrolling interests in consolidated entities | —                       | 45.6       | 524.7 | —                          | 570.3         |
| Total liabilities and equity   | 4,835.9                 | 46.2       | 549.7 | (113.9)                    | 5,317.9       |

| \$ in millions   | As of December 31, 2012 |             |              |                            |                |
|--|-------------------------|-------------|--------------|----------------------------|----------------|
|  | CLOs - VIEs             | Other VIEs  | VOEs         | Adjustments <sup>(1)</sup> | Impact of CIP  |
| Accounts receivable  | —                       | —           | —            | (4.4)                      | (4.4)          |
| Investments  | —                       | —           | 6.9          | (73.5)                     | (66.6)         |
| Cash and cash equivalents of CIP   | 211.8                   | 0.2         | 75.8         | —                          | 287.8          |
| Accounts receivable of CIP   | 54.6                    | 0.2         | 29.3         | —                          | 84.1           |
| Investments of CIP   | 3,948.0                 | 35.9        | 607.9        | (41.3)                     | 4,550.5        |
| Other assets   | —                       | —           | 8.9          | (8.9)                      | —              |
| <b>Total assets</b>  | <b>4,214.4</b>          | <b>36.3</b> | <b>728.8</b> | <b>(128.1)</b>             | <b>4,851.4</b> |
| Accounts payable and accrued expenses  | —                       | —           | —            | (8.9)                      | (8.9)          |
| Debt of CIP  | 3,980.7                 | —           | —            | (81.3)                     | 3,899.4        |
| Other liabilities of CIP   | 105.3                   | 0.5         | 2.9          | (4.4)                      | 104.3          |
| <b>Total liabilities</b>   | <b>4,086.0</b>          | <b>0.5</b>  | <b>2.9</b>   | <b>(94.6)</b>              | <b>3,994.8</b> |
| Retained earnings appropriated for investors in CIP                                    | 128.8                   | —           | —            | —                          | 128.8          |
| Other equity attributable to common shareholders                                       | (0.4)                   | (0.1)       | 34.0         | (33.5)                     | —              |
| Equity attributable to nonredeemable noncontrolling interests in consolidated entities | —                       | 35.9        | 691.9        | —                          | 727.8          |
| <b>Total liabilities and equity</b>  | <b>4,214.4</b>          | <b>36.3</b> | <b>728.8</b> | <b>(128.1)</b>             | <b>4,851.4</b> |

(1) Adjustments include the elimination of intercompany transactions between the company and its CIP, 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 of Income Statement Impact of CIP

| \$ in millions  | Year ended December 31, 2013 |              |              |                            |               |
|---|------------------------------|--------------|--------------|----------------------------|---------------|
|   | CLOs - VIEs                  | Other VIEs   | VOEs         | Adjustments <sup>(1)</sup> | Impact of CIP |
| Total operating revenues  | —                            | —            | 0.5          | (38.4)                     | (37.9)        |
| Total operating expenses  | 65.8                         | 0.8          | 6.7          | (38.4)                     | 34.9          |
| <b>Operating income</b>   | <b>(65.8)</b>                | <b>(0.8)</b> | <b>(6.2)</b> | <b>—</b>                   | <b>(72.8)</b> |
| Equity in earnings of unconsolidated affiliates                                       | —                            | —            | —            | (2.5)                      | (2.5)         |
| Interest and dividend income  | —                            | —            | —            | (5.5)                      | (5.5)         |
| Other gains and losses, net   | —                            | —            | —            | (11.8)                     | (11.8)        |
| Interest and dividend income of CIP   | 199.8                        | —            | —            | (9.8)                      | 190.0         |
| Interest expense of CIP   | (138.6)                      | —            | —            | 15.3                       | (123.3)       |
| Other gains/(losses) of CIP, net  | 3.0                          | 1.7          | 54.3         | 2.9                        | 61.9          |
| Income from continuing operations before income taxes                                 | (1.6)                        | 0.9          | 48.1         | (11.4)                     | 36.0          |
| Income tax provision  | —                            | —            | —            | —                          | —             |
| Income from continuing operations, net of income taxes                                | (1.6)                        | 0.9          | 48.1         | (11.4)                     | 36.0          |
| Income from discontinued operations, net of income taxes                              | —                            | —            | —            | —                          | —             |
| <b>Net income</b>   | <b>(1.6)</b>                 | <b>0.9</b>   | <b>48.1</b>  | <b>(11.4)</b>              | <b>36.0</b>   |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | 1.4                          | (0.9)        | (45.2)       | —                          | (44.7)        |
| <b>Net income attributable to common shareholders</b>                                 | <b>(0.2)</b>                 | <b>—</b>     | <b>2.9</b>   | <b>(11.4)</b>              | <b>(8.7)</b>  |



| \$ in millions  | Year ended December 31, 2012 |            |        |                            |               |
|---|------------------------------|------------|--------|----------------------------|---------------|
|   | CLOs - VIEs                  | Other VIEs | VOEs   | Adjustments <sup>(1)</sup> | Impact of CIP |
| Total operating revenues  | —                            | —          | —      | (41.0)                     | (41.0)        |
| Total operating expenses  | 48.2                         | 0.9        | 23.4   | (41.0)                     | 31.5          |
| Operating income  | (48.2)                       | (0.9)      | (23.4) | —                          | (72.5)        |
| Equity in earnings of unconsolidated affiliates                                       | —                            | —          | —      | 0.5                        | 0.5           |
| Interest and dividend income  | —                            | —          | —      | (12.3)                     | (12.3)        |
| Other gains and losses, net   | —                            | —          | —      | (8.7)                      | (8.7)         |
| Interest and dividend income of CIP   | 260.7                        | —          | —      | (2.2)                      | 258.5         |
| Interest expense of CIP   | (182.8)                      | —          | —      | 14.5                       | (168.3)       |
| Other gains/ (losses) of CIP, net   | (112.2)                      | 2.4        | 13.7   | (1.6)                      | (97.7)        |
| Income from continuing operations before income taxes                                 | (82.5)                       | 1.5        | (9.7)  | (9.8)                      | (100.5)       |
| Income tax provision  | —                            | —          | —      | —                          | —             |
| Income from continuing operations, net of income taxes                                | (82.5)                       | 1.5        | (9.7)  | (9.8)                      | (100.5)       |
| Income from discontinued operations, net of income taxes                              | —                            | —          | —      | —                          | —             |
| Net income  | (82.5)                       | 1.5        | (9.7)  | (9.8)                      | (100.5)       |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | 82.2                         | (1.5)      | 9.1    | —                          | 89.8          |
| Net income attributable to common shareholders  | (0.3)                        | —          | (0.6)  | (9.8)                      | (10.7)        |

| \$ in millions  | Year ended December 31, 2011 |       |        |                            |               |
|---|------------------------------|-------|--------|----------------------------|---------------|
|   | CLOs - VIEs                  | VIEs  | VOEs   | Adjustments <sup>(1)</sup> | Impact of CIP |
| Total operating revenues  | —                            | —     | 0.1    | (47.3)                     | (47.2)        |
| Total operating expenses  | 46.7                         | 1.0   | 12.6   | (47.3)                     | 13.0          |
| Operating income  | (46.7)                       | (1.0) | (12.5) | —                          | (60.2)        |
| Equity in earnings of unconsolidated affiliates                                       | —                            | —     | —      | (0.2)                      | (0.2)         |
| Interest and dividend income  | —                            | —     | —      | (8.3)                      | (8.3)         |
| Interest and dividend income of CIP   | 307.2                        | —     | —      | —                          | 307.2         |
| Interest expense of CIP   | (195.3)                      | —     | —      | 8.3                        | (187.0)       |
| Other gains and losses of CIP, net  | (235.1)                      | 1.0   | 74.9   | 20.3                       | (138.9)       |
| Income from continuing operations, net of income taxes                                | (169.9)                      | —     | 62.4   | 20.1                       | (87.4)        |
| Income tax provision  | —                            | —     | —      | —                          | —             |
| Income from continuing operations, net of income taxes                                | (169.9)                      | —     | 62.4   | 20.1                       | (87.4)        |
| Income from discontinued operations, net of income taxes                              | —                            | —     | —      | —                          | —             |
| Net income/(loss)   | (169.9)                      | —     | 62.4   | 20.1                       | (87.4)        |
| (Gains)/losses attributable to noncontrolling interests in consolidated entities, net | 169.9                        | —     | (62.3) | —                          | 107.6         |
| Net income attributable to common shareholders  | —                            | —     | 0.1    | 20.1                       | 20.2          |

(1) Adjustments include the elimination of intercompany transactions between the company and its CIP, primarily the elimination of management fees expensed by the funds and recorded as operating revenues (before consolidation) by the company. These also include 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 upon consolidation.

The carrying values of investments held and notes issued by CIP are also their fair values. The following tables present the fair value hierarchy levels of investments held and notes issued by CIP, which are measured at fair value as of December 31, 2013 and December 31, 2012 :

| As of December 31, 2013                     |                            |   |   |  |
|---|----------------------------|---|---|--|
| \$ in millions                              | Fair Value<br>Measurements | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Assets:                                     |                            |   |   |  |
| CLO collateral assets:                      |                            |   |   |  |
| Bank loans                                  | 4,035.8                    | —   | 4,035.8   | —  |
| Bonds                                       | 133.1                      | —   | 133.1   | —  |
| Equity securities                           | 14.1                       | —   | 14.1  | —  |
| Private equity fund assets:                 |                            |   |   |  |
| Equity securities                           | 106.0                      | 47.3  | —   | 58.7   |
| Investments in other private equity funds   | 442.2                      | —   | —   | 442.2  |
| Debt securities issued by the U.S. Treasury | 3.5                        | 3.5   | —   | —  |
| <b>Total assets at fair value</b>           | <b>4,734.7</b>             | <b>50.8</b>   | <b>4,183.0</b>                                      | <b>500.9</b>                                       |
| Liabilities:                                |                            |   |   |  |
| CLO notes                                   | (4,181.7)                  | —   | —   | (4,181.7)  |
| <b>Total liabilities at fair value</b>      | <b>(4,181.7)</b>           | <b>—</b>  | <b>—</b>  | <b>(4,181.7)</b>                                   |
| As of December 31, 2012                     |                            |   |   |  |
| \$ in millions                              | Fair Value<br>Measurements | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Assets:                                     |                            |   |   |  |
| CLO collateral assets:                      |                            |   |   |  |
| Bank loans                                  | 3,709.3                    | —   | 3,709.3   | —  |
| Bonds                                       | 185.4                      | —   | 185.4   | —  |
| Equity securities                           | 12.1                       | —   | 12.1  | —  |
| Private equity fund assets:                 |                            |   |   |  |
| Equity securities                           | 125.0                      | 21.0  | 9.9   | 94.1   |
| Investments in other private equity funds   | 503.5                      | —   | —   | 503.5  |
| Debt securities issued by the U.S. Treasury | 10.0                       | 10.0  | —   | —  |
| Real estate investments                     | 5.3                        | —   | —   | 5.3  |
| <b>Total assets at fair value</b>           | <b>4,550.6</b>             | <b>31.0</b>   | <b>3,916.7</b>                                      | <b>602.9</b>                                       |
| Liabilities:                                |                            |   |   |  |
| CLO notes                                   | (3,899.4)                  | —   | —   | (3,899.4)  |
| <b>Total liabilities at fair value</b>      | <b>(3,899.4)</b>           | <b>—</b>  | <b>—</b>  | <b>(3,899.4)</b>                                   |

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, 2013 |                     | Year ended December 31, 2012 |                     |
|---|------------------------------|---------------------|------------------------------|---------------------|
|   | Level 3 Assets               | Level 3 Liabilities | Level 3 Assets               | Level 3 Liabilities |
| Beginning balance   | 602.9                        | (3,899.4)           | 929.1                        | (5,512.9)           |
| Purchases   | 31.5                         | —                   | 8.9                          | —                   |
| Sales   | (148.0)                      | —                   | (334.5)                      | —                   |
| Issuances   | 3.8                          | (1,323.9)           | —                            | (792.5)             |
| Settlements   | —                            | 850.4               | —                            | 619.9               |
| Deconsolidation of CIP  | (18.4)                       | 239.5               | —                            | 2,123.7             |
| Gains and losses included in the Consolidated Statements of Income* | 35.7                         | (44.3)              | 12.4                         | (349.2)             |
| Transfers to Level 2**  | (6.1)                        | —                   | (9.9)                        | —                   |
| Foreign exchange  | (0.5)                        | (4.0)               | (3.1)                        | 11.6                |
| Ending balance  | 500.9                        | (4,181.7)           | 602.9                        | (3,899.4)           |

\* Included in gains and losses of CIP in the Consolidated Statement of Income for the year ended December 31, 2013 are \$9.6 million in net unrealized losses attributable to investments still held at December 31, 2013 by CIP (year ended December 31, 2012 : \$28.3 million net unrealized gains attributable to investments still held at December 31, 2012 ).

\*\* During the year ended December 31, 2013 , \$6.1 million (year ended December 31, 2012 : \$ 9.9 million ) of equity securities held by consolidated private equity funds were transferred from Level 3 to Level 2 due to the legal lock up requirements of public offering of securities in the underlying companies. For transfers due to public offerings, the company's policy is to use the fair value of the transferred security on the offering date.

Unforeseen events might occur that would subsequently change the fair values of the investments and debt of CIP, but such changes would be inconsequential to the company due to its minimal investments in these products. Any gains or losses resulting from valuation changes in the investments and debt of CIP 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 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 2014 and 2023 , pay interest at Libor or Euribor plus a spread of up to 10.0% , and typically range in S&P credit rating categories from BBB down to unrated. Interest income on bank loans and bonds is recognized based on the unpaid principal balance and stated interest rate of these investments on an accrual basis. At December 31, 2013 , the unpaid principal balance exceeded the fair value of the senior secured bank loans and bonds by approximately \$6.3 million ( December 31, 2012 : \$121.6 million excess). Approximately 0.8% of the collateral assets are in default as of December 31, 2013 ( December 31, 2012 : 1.8% of the collateral assets were in default). CLO investments are valued based on price quotations provided by third party pricing sources. 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. For the years ended December 31, 2013 and 2012, there were 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 2026 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 7.10% for the more subordinated tranches. At December 31, 2013, the outstanding balance on the notes issued by consolidated CLOs exceeds their fair value by approximately \$0.2 billion (December 31, 2012: \$0.3 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.

Certain CLOs with Euro-denominated debt that were deconsolidated as of August 30, 2012 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 were not designated as qualifying as hedging instruments. These derivative contracts were valued under an income approach using forecasted interest rates and were classified within level 2 of the valuation hierarchy. At December 31, 2013 and 2012, there were no open swap agreements. Changes in fair value of \$9.6 million are reflected as losses in other gains/(losses) of CIP, net on the company's Consolidated Statement of Income for the year ended December 31, 2012 (year ended December 31, 2011: \$9.2 million).

### **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 CIP 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 CIP, 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 CIP 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.

### **Fair value of consolidated real estate funds**

As of December 31, 2013 the company's consolidated real estate funds are in liquidation; the funds disposed of their investments in the first half of 2013. The following discussion relates to the prior period consolidation of 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 CIP. 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.

Quantitative Information about Level 3 Fair Value Measurements

The following tables show significant unobservable inputs used in the fair value measurement of level 3 assets and liabilities at December 31, 2013 and December 31, 2012 :

| Assets and Liabilities *                  | Fair Value at December 31, 2013 (\$ in millions) | Valuation Technique       | Unobservable Inputs     | Range        | Weighted Average (by fair value) |
|---|--|---------------------------|-------------------------|--------------|----------------------------------|
| Private Equity Funds -- Equity Securities | 58.7   | Market Comparable         | Revenue Multiple        | 1 - 5x       | 3.0x                             |
|   |  |                           | Discount                | n/a          | 24.0%                            |
| CLO Notes                                 | (4,181.7)  | Discounted Cash Flow- USD | Assumed Default Rate*** | 1% - 2%      | <1yr: 1.4% >1yr: 2.0%            |
|   |  |                           | Spread over Libor **    | 123 - 864bps | 208 bps                          |

| Assets and Liabilities *                  | Fair Value at December 31, 2012 (\$ in millions) | Valuation Technique        | Unobservable Inputs       | Range                       | Weighted Average (by fair value) |
|---|--|----------------------------|---------------------------|-----------------------------|----------------------------------|
| Private Equity Funds -- Equity Securities | 94.1   | Market Comparable          | Revenue Multiple          | 1 - 4x                      | 1.9x                             |
|   |  |                            | Discount                  | 15% - 50%                   | 27.5%                            |
| Real Estate Investments                   | 5.3  | Discounted Cash Flow       | In-Place Rent Rates       | JPY 218 - JPY 397 per sq ft | JPY 231 - JPY 384 per sq ft      |
|   |  |                            | Market Rent Rates         | JPY 333 - JPY 417 per sq ft | JPY 348 - JPY 379 per sq ft      |
|   |  |                            | Revenue Growth Rate       | n/a                         | 2.18%                            |
|   |  |                            | Discount Rate             | 6.75% - 7.00%               | 6.86%                            |
|   |  |                            | Exit Capitalization Rate  | 7.00% - 7.25%               | 7.11%                            |
|   |  |                            | Stabilized Occupancy Rate | n/a                         | 95%                              |
|   |  |                            | Expense Growth Rate       | n/a                         | 1.0%                             |
| CLO Notes                                 | (3,899.4)  | Discounted Cash Flow- Euro | Assumed Default Rate      | 3% - 5%                     | <1yr: 3.3% >1yr: 5.0%            |
|   |  |                            | Spread over Euribor **    | 325 - 1920 bps              | 563 bps                          |
|   |  |                            | Assumed Default Rate***   | 1% - 3%                     | <1yr: 1.1% >1yr: 3.0%            |
|   |  |                            | Spread over Libor **      | 130 - 1632 bps              | 323 bps                          |

\* Certain equity securities held by consolidated private equity funds are valued using recent private market transactions ( December 31, 2013 \$5.8 million ; December 31, 2012 : \$50.0 million ). At December 31, 2013 , certain tranches of the consolidated CLOs are valued using third party pricing information. Quantitative unobservable inputs for such valuations were not developed or adjusted by the company. Investments in other private equity funds as of December 31, 2013 of \$ 442.2 million (as of December 31, 2012 : \$ 503.5 million ) are also excluded from the table above as they are valued using the NAV practical expedient. The NAVs that have been provided are derived from the fair values of the underlying investments as of the consolidation date.

\*\* Lower spreads relate to the more senior tranches in the CLO note structure; higher spreads relate to the less senior tranches.

\*\*\* Assumed default rates listed in the table above apply to CLOs established prior to 2012. At December 31, 2013 , a default rate of 1.4% was assumed for CLOs established after January 1, 2012 ( December 31, 2012 : 1.4% assumed rate).

The table below summarizes as of December 31, 2013 and December 31, 2012, the nature of investments that are valued using the NAV as a practical expedient and any related liquidation restrictions or other factors which may impact the ultimate value realized:

|   | December 31, 2013           |                               |   | December 31, 2012           |                               |                               |
|---|-----------------------------|-------------------------------|---|-----------------------------|-------------------------------|-------------------------------|
|   | Fair Value<br>(in millions) | Total Unfunded<br>Commitments | Weighted Average<br>Remaining Term <sup>(2)</sup> | Fair Value<br>(in millions) | Total Unfunded<br>Commitments | Weighted Ave<br>Remaining Ter |
| Private equity fund of funds <sup>(1)</sup> | \$426.3                     | \$71.6                        | 2.6 years   | 498.9                       | 127.5                         | 2.7 years                     |
| Private equity funds <sup>(1)</sup>         | \$15.9                      | \$80.6                        | 8.5 years   | 4.6                         | 5.0                           | 1.0 year                      |

(1) These investments are not subject to redemption; however, for certain funds, the investors may sell or transfer their interest, which may require approval by the general partner of the underlying funds.

(2) These investments are expected to be returned through distributions as a result of liquidations of the funds' underlying assets over the weighted average periods indicated.

The following narrative will indicate the sensitivity of inputs illustrating the impact of significant increases to the inputs. A directionally-opposite impact would apply for significant decreases in these inputs:

- For investments held by consolidated private equity funds, significant increases in discounts in isolation would result in significantly lower fair value measurements, while significant increases in revenue multiple assumptions in isolation would result in significantly higher fair value measurements. An increase in discount assumptions would result in a directionally opposite change in the assumptions for revenue multiple resulting in lower fair value measurements.
- For real estate investments, a change in the revenue growth rate generally would be accompanied by a directionally-similar change in the assumptions for in-place and market rent rates and stabilized occupancy rates. Significant increases in any of the unobservable inputs for in-place and market rent rates and stabilized occupancy rates in isolation would result in significantly higher fair values. An increase in these assumptions would result in a directionally-opposite change in the assumptions for discount rate, exit capitalization rate, and expense growth rate. Significant increases in the assumptions for discount rate, exit capitalization rate, and expense growth rate in isolation would result in significantly lower fair value measurements.
- For CLO notes, a change in the assumption used for spreads is generally accompanied by a directionally similar change in default rate. Significant increases in any of these inputs in isolation would result in significantly lower fair value measurements.

## 21 . 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 proxy statement.

| \$ in millions                             | Years ended December 31, |                |                |
|--|--------------------------|----------------|----------------|
|  | 2013                     | 2012           | 2011           |
| <b>Affiliated operating revenues:</b>      |                          |                |                |
| Investment management fees                 | 3,208.2                  | 2,754.2        | 2,684.5        |
| Service and distribution fees              | 856.4                    | 752.0          | 779.6          |
| Performance fees                           | 44.0                     | 32.6           | 21.2           |
| Other                                      | 108.5                    | 101.6          | 128.9          |
| <b>Total affiliated operating revenues</b> | <b>4,217.1</b>           | <b>3,640.4</b> | <b>3,614.2</b> |

| \$ in millions                        | As of December 31, |                |
|---------------------------------------|--------------------|----------------|
|                                       | 2013               | 2012           |
| <b>Affiliated asset balances:</b>     |                    |                |
| Cash and cash equivalents             | 447.8              | 223.2          |
| Unsettled fund receivables            | 315.5              | 131.5          |
| Accounts receivable                   | 298.5              | 258.3          |
| Investments                           | 789.8              | 562.8          |
| Assets held for policyholders         | 1,415.7            | 1,153.2        |
| Other assets                          | 5.4                | 32.7           |
| Total affiliated asset balances       | <u>3,272.7</u>     | <u>2,361.7</u> |
| <b>Affiliated liability balances:</b> |                    |                |
| Accrued compensation and benefits     | 151.6              | 234.3          |
| Accounts payable and accrued expenses | 19.5               | 21.5           |
| Unsettled fund payables               | 389.9              | 266.0          |
| Total affiliated liability balances   | <u>561.0</u>       | <u>521.8</u>   |

## 22 . TRANSACTION 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"). Transaction and integration activities related to the acquisition were completed mid-year 2013.

During the year ended December 31, 2013, the company incurred \$3.2 million (2012 : \$8.2 million, 2011 : \$29.4 million) of transaction and integration costs (\$1.9 million, \$5.1 million and \$18.2 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 legal challenges to auction rate preferred securities redemptions with respect to various closed-end funds included in the acquisition. See Note 18, "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, |            |             |
|---|---------------------------------|------------|-------------|
|   | 2013                            | 2012       | 2011        |
| Integration-related charges:              |                                 |            |             |
| Staff costs                               | —                               | 0.1        | 2.8         |
| Technology, contractor and related costs  | 0.1                             | 0.6        | 11.0        |
| Professional services                     | 3.1                             | 7.5        | 15.6        |
| Total integration-related charges         | <u>3.2</u>                      | <u>8.2</u> | <u>29.4</u> |
| Total transaction and integration charges | <u>3.2</u>                      | <u>8.2</u> | <u>29.4</u> |

## 23 . DISCONTINUED OPERATIONS

On December 31, 2013, the company completed the sale of Atlantic Trust to the Canadian Imperial Bank of Commerce (CIBC) for a base purchase price of \$210 million less certain working capital and cash funding requirements. Net cash proceeds of \$137.0 million were received with further cash proceeds estimated at \$59 million due in the first half of 2014.

The results of Atlantic Trust, together with expenses and the gain associated with the sale, are reflected as discontinued operations in the Consolidated Statements of Income and are therefore excluded from the continuing operations of Invesco. Comparative periods shown in the Consolidated Statements of Income have been adjusted to conform with this presentation.



The following table presents the major classes of assets and liabilities that were disposed of on December 31, 2013 :

| <b>\$ in millions</b>        | <b>As of<br/>December 31, 2013</b> |
|------------------------------|------------------------------------|
| <b>Assets</b>                |                                    |
| Receivables and other assets | 52.0                               |
| Property and equipment, net  | 13.7                               |
| Intangible assets, net       | 2.2                                |
| Goodwill                     | 74.5                               |
| <b>Total assets</b>          | <b>142.4</b>                       |
| <b>Liabilities</b>           |                                    |
| Accrued expenses             | 24.3                               |
| <b>Total liabilities</b>     | <b>24.3</b>                        |

The components of income from discontinued operations, net of tax, were as follows for the twelve months ended December 31, 2013 , 2012 , and 2011 , respectively.

| <b>\$ in millions</b>                                   | <b>Years ended December 31,</b> |             |             |
|---|---------------------------------|-------------|-------------|
|   | <b>2013</b>                     | <b>2012</b> | <b>2011</b> |
| Operating revenue                                       | 162.6                           | 126.6       | 109.8       |
| Operating expenses                                      | (139.2)                         | (97.7)      | (93.9)      |
| Gain on sale  | 77.5                            | —           | —           |
| Income from discontinued operations before income taxes | 100.9                           | 28.9        | 15.9        |
| Income tax provision                                    | (36.4)                          | (10.8)      | (6.0)       |
| Income from discontinued operations, net of taxes       | 64.5                            | 18.1        | 9.9         |

In conjunction with the sale, the company recorded a pre-tax gain of \$77.5 million , which is included within discontinued operations, net of taxes, in the accompanying Consolidated Statement of Income for the year ended December 31, 2013.

## **24 . BALANCE SHEET PRESENTATION**

Effective September 30, 2013, the company changed the presentation of its Consolidated Balance Sheets from a classified basis to a non-classified basis. Under the non-classified basis, balances are not separately presented as current or noncurrent. Management believes that this presentation is more meaningful to readers because it aggregates assets and liabilities of the same nature, which is consistent with the manner in which management monitors its financial position. The company's previously classified balance sheets were not utilized to derive any ratios or metrics by which the company is measured. Additionally, the presentation of a non-classified balance sheet reduces the presentation complexities resulting from the classification of consolidated managed funds, which do not present classified balance sheet information in their underlying financial statements. Certain previously reported amounts in the Consolidated Balance Sheets and notes have been reclassified to conform to the new presentation.

## **25 . SUBSEQUENT EVENTS**

On January 30, 2014 , the company declared a fourth quarter 2013 dividend of 22.5 cents per share, payable on March 7, 2014 , to shareholders of record at the close of business on February 20, 2014 with an ex-dividend date of February 18, 2014 .

**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

**Item 9A. *Controls and Procedures****Evaluation of Disclosure Controls and Procedures*

Management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2013. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our chief executive officer and chief financial officer concluded that the company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting is located in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Our independent auditors, PricewaterhouseCoopers LLP, have issued an audit report on the effectiveness of our internal control over financial reporting for the year ended December 31, 2013.

**Item 9B. *Other Information***

None

**PART III****Item 10. *Directors, Executive Officers and Corporate Governance***

Invesco has filed the certification of its Chief Executive Officer with the New York Stock Exchange (NYSE) as required pursuant to Section 303A of the NYSE Listed Company Manual. In addition, Invesco has filed the Sarbanes-Oxley Act Section 302 certifications of its Chief Executive Officer and Chief Financial Officer with the Securities and Exchange Commission, which certifications are attached hereto as Exhibit 31.1 and Exhibit 31.2, respectively.

The information required by this Item will be included in the definitive Proxy Statement for the company's annual meeting of shareholders, which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2013, under the captions "Information About Director Nominees and Directors Continuing in Office," "Information About the Executive Officers of the Company," "Corporate Governance," "Information About the Board and its Committees," "Section 16(a) Beneficial Ownership Reporting Compliance," and possibly elsewhere therein. Such information is incorporated into this Item 10 by reference.

**Item 11. *Executive Compensation***

The information required by this Item will be included in the definitive Proxy Statement for the company's annual meeting of shareholders, which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2013, under the captions "Director Compensation," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation," and possibly elsewhere therein. Such information is incorporated into this Item 11 by reference.

**Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this Item will be included in the definitive Proxy Statement for the company's annual meeting of shareholders, which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2013, under the captions "Security Ownership of Principal Shareholders," "Security Ownership of Management," and possibly elsewhere therein. Such information is incorporated into this Item 12 by reference.

**Item 13. *Certain Relationships and Related Transactions, and Director Independence***

The information required by this Item will be included in the definitive Proxy Statement for the company's annual meeting of shareholders, which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2013, under the captions "Corporate Governance," "Certain Relationships and Related Transactions," "Related Person Transaction Policy," and possibly elsewhere therein. Such information is incorporated into this Item 13 by reference.

**Item 14. *Principal Accountant Fees and Services***

The information required by this Item will be included in the definitive Proxy Statement for the company's annual meeting of shareholders, which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2013, under the captions "Fees Paid to Independent Registered Public Accounting Firm," "Pre-Approval Process and Policy," and possibly elsewhere therein. Such information is incorporated into this Item 14 by reference.

**PART IV****Item 15. *Exhibits and Financial Statement Schedule***

(a)(1) The Consolidated Financial Statements filed as part of this Report are listed in 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 Consolidated Financial Statements or related footnotes in 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," or "AMVESCAP 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 November 8, 2012, for Invesco Finance PLC's 3.125% Senior Notes due 2022, among Invesco Finance PLC, the Guarantors and The Bank of New York Mellon, as trustee, incorporated by reference to exhibit 4.1 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 9, 2012
- 4.3 Supplemental Indenture, dated November 8, 2012, for Invesco Finance PLC's 3.125% Senior Notes due 2022, among Invesco Finance PLC, the Guarantors and The Bank of New York Mellon, as trustee, 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 9, 2012
- 4.4 Form of 3.125% Senior Notes due 2022 (included in Exhibit 4.3 hereto)
- 4.5 Second Supplemental Indenture, dated November 12, 2013, between Invesco Finance plc, the Company and The Bank of New York Mellon, as trustee, 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 12, 2013
- 4.6 Third Supplemental Indenture, dated November 12, 2013, between Invesco Finance plc, the Company and The Bank of New York Mellon, as trustee, 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 12, 2013
- 4.7 Form of 4.000% Senior Notes due 2024 (included in Exhibit 4.5)

- 4.8 Form of 5.375% Senior Notes due 2043 (included in Exhibit 4.6)
- 10.1 Second Amended and Restated Credit Agreement, dated as of December 17, 2013, among Invesco Finance PLC, 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
- 10.2 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
- 10.3 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
- 10.4 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
- 10.5 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
- 10.6 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
- 10.7 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
- 10.8 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
- 10.9 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
- 10.10 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
- 10.11 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
- 10.12 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
- 10.13 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
- 10.14 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
- 10.15 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
- 10.16 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
- 10.17 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
- 10.18 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



- 10.19 Form of Aircraft Time Sharing Agreement
- 10.20 Invesco Ltd. Executive Incentive Bonus Plan, as amended and restated effective January 1, 2009, incorporated by reference to Appendix A to Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 1, 2013
- 10.21 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
- 10.22 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
- 10.23 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
- 10.24 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
- 10.25 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
- 10.26 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
- 10.27 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
- 10.28 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
- 10.29 Letter of Assignment between G. Mark Armour and Invesco Perpetual dated March 12, 2013, incorporated by reference to exhibit 10.1 to Invesco's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 filed with the Securities and Exchange Commission on April 30, 2013.
- 10.30 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
- 10.31 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
- 23.1 Consent of PricewaterhouseCoopers LLP, dated February 21, 2014
- 23.2 Consent of Ernst & Young LLP, dated February 21, 2014
- 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
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB XBRL Taxonomy Extension Definition Linkbase Document
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Published Deal CUSIP Number: G4922RAA8  
Published Revolving Commitment CUSIP Number: G4922RAB6

**SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

Dated as of December 17, 2013

among

**INVESCO FINANCE PLC,**  
as the Borrower

**INVESCO LTD.,**  
as Parent

and

**THE INITIAL LENDERS NAMED HEREIN,**  
as Initial Lenders

and

**BANK OF AMERICA, N.A.,**  
as Administrative Agent, Swing Line Lender and L/C Issuer,

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**  
and  
**CITIGROUP GLOBAL MARKETS INC.,**  
as Joint Lead Arrangers and Book Managers

**CITIBANK N.A.,**  
as Syndication Agent

**THE BANK OF NEW YORK MELLON ,**  
**HSBC BANK USA, NATIONAL ASSOCIATION ,**  
**SUNTRUST BANK ,**  
**TORONTO DOMINION (NEW YORK) LLC ,**  
**MORGAN STANLEY SENIOR FUNDING, INC. ,**  
**JPMORGAN CHASE BANK, N.A. ,**  
**WELLS FARGO BANK, N.A. ,** and  
**CANADIAN IMPERIAL BANK OF COMMERCE**  
as Co-Documentation Agents



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## **EXHIBITS**    *Form of*

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## SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This Second Amended and Restated Credit Agreement (the “Agreement”) is entered into as of December 17, 2013 among Invesco Finance PLC, a company organized under the laws of England and Wales (the “Borrower”), Invesco Ltd., a company organized under the laws of Bermuda (the “Parent”), the banks, financial institutions and other institutional lenders (the “Initial Lenders”) listed on the signature pages hereof, and Bank of America, N.A. (“Bank of America”), as administrative agent (the “Administrative Agent” or “Agent”) for the Lenders (as hereinafter defined) and as Swing Line Lender and L/C Issuer (each as hereinafter defined), hereby agree as follows:

### PRELIMINARY STATEMENT

A. The Borrower, Invesco Holding Company Limited, a company organized under the laws of England and Wales (“IHCL”), IVZ, Inc., a Delaware corporation (“IVZ”), and Invesco Finance, Inc. (“Invesco Finance US”), a Delaware corporation, as borrowers, the Parent, the lenders party thereto (the “Existing Lenders”) and Bank of America, as Administrative Agent thereunder, entered into that certain Amended and Restated Credit Agreement dated as of June 3, 2011 (the “Existing Credit Agreement”).

B. Pursuant to that certain letter agreement dated as of December 12, 2012 from IVZ to Bank of America, N.A., as Administrative Agent under the Existing Credit Agreement, IVZ, IHCL and Invesco Finance US were released as borrowers under the Existing Credit Agreement pursuant to Section 2.20(b) and (c) thereof effective as of such date.

C. As of the date hereof, the Borrower is the only “Borrower” under the Existing Credit Agreement.

D. The Borrower has requested that the Existing Credit Agreement be amended and restated on the terms and conditions contained in this Agreement.

E. The Borrower, the Parent, the Initial Lenders and the Administrative Agent have agreed to and desire to amend and restate the Existing Credit Agreement on the terms and conditions set forth in this Agreement (the “Amendment and Restatement”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

### ARTICLE I

#### DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Amendment and Restatement; Allocations. In order to facilitate the Amendment and Restatement and otherwise to effectuate the desires of the Borrower, the Parent, the Initial Lenders, the Administrative Agent, the L/C Issuer and the Swing Line Lender:

(a) The Borrower, the Guarantor, the Initial Lenders, the Administrative Agent, the L/C Issuer and the Swing Line Lender hereby agree that upon the effectiveness of this Agreement, the terms and provisions of the Existing Credit Agreement which in any manner govern or evidence the Obligations, the obligations of the Borrower and the Guarantor, the rights and interests of the Initial Lenders, the Administrative Agent, the L/C Issuer and the Swing Line Lender and any terms, conditions or matters related to any thereof, shall be and hereby are amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Existing Credit Agreement, except as otherwise expressly provided herein, shall be superseded by this Agreement.

(b) Notwithstanding this Amendment and Restatement, including anything in this Section 1.01 and any related Loan Documents (as such term is defined in the Existing Credit Agreement and referred to herein, individually or collectively, as the “Existing Credit Documents”), (i) all of the indebtedness, liabilities and obligations owing by any Person under the Existing Credit Agreement and other Existing Credit Documents shall continue as Obligations hereunder, and (ii) each of this Agreement and the Notes and any other Loan Documents (as defined herein) that is amended and restated in connection with this Agreement is given as a substitution of and modification of, and not as a payment of or novation of, the indebtedness, liabilities and obligations of the Borrower under the Existing Credit Agreement or any Existing Credit Document, and neither the execution and delivery of such documents nor the consummation of any other transaction contemplated hereunder is intended to constitute a novation of the Existing Credit Agreement or of any of the other Existing Credit Documents or any obligations thereunder. Upon the effectiveness of this Agreement, all Advances (as defined in the Existing Credit Agreement, and including all Swing Line Loans thereunder) owing by the Borrower and outstanding under the Existing Credit Agreement (collectively, the “Existing Advances”) shall continue as Advances hereunder and shall constitute advances hereunder. Base Rate Advances under the Existing Credit Agreement shall accrue interest at the Base Rate hereunder and the parties hereto agree that the Interest Periods for all Eurocurrency Rate Advances outstanding under the Existing Credit Agreement on the Effective Date shall remain in effect without renewal, interruption or extension as Eurocurrency Rate Advances under this Agreement and accrue interest at the Eurocurrency Rate hereunder.

(c) Simultaneously with the Effective Date, (i) the Commitments (as defined in the Existing Credit Agreement) of each of the Existing Lenders and the outstanding amount of all Existing Advances shall be reallocated in accordance with the Commitments of the Initial Lenders set forth on Schedule 1.01, and the requisite assignments shall be deemed to be made in amounts from each Existing Lender to each Initial Lender, with the same force and effect as if such assignments were evidenced by the applicable Assignments and Assumptions (as defined in the Existing Credit Agreement) under the Existing Credit Agreement but without the payment of any related assignment fee, and no other documents or instruments shall be, or shall be required to be, executed in connection with such assignments (all of which such requirements are hereby waived), and (ii) each assignee Lender shall make full cash settlement with each corresponding assignor Lender, either directly or through the Administrative Agent, as the Administrative Agent may direct or approve, with respect to all such assignments and reallocations; and

(d) Simultaneously with the Effective Date and after giving effect to the assignments and reallocations contemplated by Section 1.01(c), the Commitments of each of the Initial Lenders shall be as set forth on Schedule 1.01.

Section 1.02 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“ Adjusted Debt ” outstanding on any date means the sum, without duplication, of (a) the aggregate principal amount of all Debt of the Parent and its Subsidiaries, on a Consolidated basis, outstanding on such date of the kinds referred to in clauses (a), (c), (d), (e), (f) and (h) (exclusive in clause (h) of the Debt of the kind referred to in clauses (b) and (g)) of the definition of “Debt” and (b) the aggregate principal amount of all Debt of the Parent and its Subsidiaries, on a Consolidated basis, outstanding on such date of the kinds referred to in clause (i) of the definition of Debt that relates to Debt of other Persons of the kinds referred to in clauses (a), (c), (d), (e), (f) and (h) (exclusive in clause (h) of the Debt of the kind referred to in clauses (b) and (g)), of the definition of “Debt”.

“ Administrative Agent’s Office ” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 8.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

“ Advance ” means an advance by a Lender to the Borrower as part of a Borrowing and, unless such Borrowing is a Swing Line Loan, refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a “ Type ” of Advance), and, as the context may require, includes an advance of a Swing Line Loan by the Swing Line Lender to the Borrower.

“ Affiliate ” means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term “control” (including the terms “controlling”, “controlled by” and “under common control with”) of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

“ Applicable All In Drawn LIBOR Spread ” means, from time to time, the percentages per annum based upon the Debt Rating as set forth below:



| Pricing Level | Debt Rating     | All In Drawn LIBOR Spread |
|---------------|-----------------|---------------------------|
| 1             | $\geq$ A+/A1    | 1.000%                    |
| 2             | A/A2            | 1.125%                    |
| 3             | A-/A3           | 1.250%                    |
| 4             | BBB+/Baa1       | 1.500%                    |
| 5             | $\leq$ BBB/Baa2 | 2.000%                    |

Where,

“Debt Rating” means, as of any date of determination, the higher of the rating as determined by either S&P or Moody’s (collectively, the “Debt Ratings”) of (i) the Parent’s non-credit-enhanced, senior unsecured long-term debt, and (ii) the Borrower’s non-credit-enhanced (except as guaranteed by any Loan Party or including any Loan Party as a co-borrower or co-issuer), senior unsecured long-term debt; in any case, *provided* that when calculating the Debt Rating for each of the Parent and the Borrower, (a) if the respective Debt Ratings issued by the foregoing rating agencies for either entity differ by one level, then the higher of such Debt Ratings shall apply with respect to such entity (with the Debt Rating for Pricing Level 1 being the highest and the Debt Rating for Pricing Level 5 being the lowest); (b) if there is a split in Debt Ratings for either entity of more than one level, then the Debt Rating that is one level lower than the higher Debt Rating shall apply for such entity; (c) if only one Debt Rating is provided for either entity, the Debt Rating that is one level lower than that of such Debt Rating shall apply for such entity; and (d) if no Debt Ratings exist for either entity, Pricing Level 5 shall apply.

Initially, the Applicable All In Drawn LIBOR Spread shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to Section 3.01(c)(x). Thereafter, each change in the Applicable All In Drawn LIBOR Spread resulting from a publicly announced change in the Debt Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change.

“Applicable Lending Office” means, with respect to each Lender, such Lender’s Domestic Lending Office in the case of a Base Rate Advance and such Lender’s Eurocurrency Lending Office in the case of a Eurocurrency Rate Advance.

“Applicable Margin for Base Rate Advances” means, as of any date, the Applicable Margin for Eurocurrency Rate Advances less 1.00%.

“Applicable Margin for Eurocurrency Rate Advances” means, as of any date, the Applicable All in Drawn LIBOR Spread less the Applicable Percentage.

“Applicable Percentage” means, as of any date, a percentage per annum determined by reference to the Debt Rating applicable on such date as set forth below:

| Debt Rating | Applicable Percentage |
|-------------|-----------------------|
| ≥ A+/A1     | 0.100%                |
| A/A2        | 0.125%                |
| A-/A3       | 0.150%                |
| BBB+/Baa1   | 0.200%                |
| ≤ BBB/Baa2  | 0.250%                |

Initially, the Applicable Percentage shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to Section 3.01(c)(x). Thereafter, each change in the Applicable Percentage resulting from a publicly announced change in the Debt Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change.

“ Approved Fund ” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ Arrangers ” means the entities listed as Joint Lead Arrangers on the cover page hereto.

“ Assignee Group ” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“ Assignment and Assumption ” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 8.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit C or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by the Administrative Agent.

“ Audited Financial Statements ” means the audited Consolidated balance sheet of the Parent and its Subsidiaries for the fiscal year ended December 31, 2012 and the related Consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Parent and its Subsidiaries, including the notes thereto.

“ Bank of America ” has the meaning specified in the recital of parties to this Agreement.

“ Base Rate ” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus ½ of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, and (c) the Eurocurrency Rate for an Interest Period of one month plus 1.00%. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change (i) in such prime rate announced by Bank of America shall take effect at the

opening of business on the day specified in the public announcement of such change, and (ii) in the Eurocurrency Rate described in clause (c) above shall take effect on the date of such change.

“Base Rate Advance” means an Advance denominated in Dollars that bears interest as provided in Section 2.08(a)(i).

“Borrower” has the meaning specified in the recital of parties to this Agreement.

“Borrowing” means a borrowing consisting of simultaneous Advances of the same Type, and in the case of Eurocurrency Rate Advances, having the same Interest Period, made by each of the Lenders pursuant to Section 2.01 or a Swing Line Borrowing, or both, as the context may require.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

“Capital Leases” means all leases that have been or should be, in accordance with GAAP, recorded as capital leases.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer or the Lenders, as collateral for L/C Obligations or obligations of Lenders to fund participations in respect thereof (as the context may require) cash or deposit account balances or, if the L/C Issuer benefitting from such collateral shall agree in its sole discretion, other credit support constituting Cash Equivalents, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the L/C Issuer. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support. All Cash Collateral shall be denominated in Dollars or the Equivalent in Dollars of Sterling with respect to Cash Collateral related to Obligations denominated in Sterling, except as otherwise provided herein.

“Cash Equivalents” means, at any time (a) debt issued or guaranteed by the United States government or any agency thereof, maturing not more than 90 days after such time, (b) commercial paper, maturing not more than 90 days from the date of issue, which is issued by a corporation (other than an Affiliate of the Parent) rated at least A-1 by S&P or P-1 by Moody’s, (c) any certificate of deposit, maturing not more than 90 days after the date of issue, which is issued by a financial institution which is rated at least A- by S&P or A3 by Moody’s, and (d) investments in money market funds that invest substantially all of their assets in Cash Equivalents of the types described in clauses (a) through (c) above.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule regulation or treaty or in the administration, interpretation,

implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“ Commitment ” means, as to any Lender, the Dollar amount set forth opposite its name on Schedule 1.01 or, if such Lender has entered into any Assignment and Assumption, the Dollar amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.06(c), as such amount may be adjusted from time to time in accordance with this Agreement.

“ Compliance Certificate ” means a compliance certificate in the form of Exhibit H attached hereto.

“ Consolidated ” refers to the consolidation of accounts in accordance with GAAP.

“ Convert ”, “ Conversion ” and “ Converted ” each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.09, 2.10 or 2.13, and with respect to any Eurocurrency Rate Advance in Sterling that is Converted into a Base Rate Advance pursuant to any such Section, includes a conversion of such amount of Sterling into Dollars based upon the Equivalent in Dollars of Sterling.

“ Debt ” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than (i) trade payables and other current accruals incurred in the ordinary course of such Person’s business and payable on customary terms and (ii) earn-out obligations), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property) (other than trade payables incurred in the ordinary course of such Person’s business and payable on customary terms), (e) all obligations of such Person as lessee under Capital Leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all net payment obligations of such Person in respect of Hedge Agreements on the date of determination, (h) all Debt of others referred to in clauses (a) through (g) above or clause (i) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through a written agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to

purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt, but with respect to such Debt that is non-recourse, only to the extent of the lesser of the amount of such Debt or the fair market value of the property at the time of determination that is encumbered by such Lien, *provided* that, in no event shall “Debt” include any obligations of the Parent or any of its Subsidiaries incurred in connection with any securitization program described in Section 5.02(c)(ii).

“Debt/EBITDA Ratio” means, as of any date of determination, the ratio of (a) Adjusted Debt (excluding (i) Subsidiary Non-Recourse Debt, (ii) so long as the Parent and its Subsidiaries own 100% of the Office Equipment Sale and Leaseback Bonds, liabilities with respect to the Office Equipment Sale and Leaseback Lease, (iii) the Qualified Equity Portion of Qualified Securities to the extent such amount is otherwise included in Adjusted Debt and (iv) Permitted Unit Investment Trust Debt to the extent (A) such Permitted Unit Investment Trust Debt has not been outstanding for longer than five (5) consecutive Business Days after the incurrence thereof and (B) the assets of the unit investment trust Subsidiary incurring such Permitted Unit Investment Trust Debt equal or exceed the amount of such Permitted Unit Investment Trust Debt; provided, that if the assets of such unit investment trust Subsidiary do not equal or exceed the amount of such Permitted Unit Investment Trust Debt, the amount of Permitted Unit Investment Trust Debt included in the calculation of Adjusted Debt shall be limited to any such insufficient amount incurred as Adjusted Debt under Section 5.02(g)), to (b) EBITDA (excluding for purpose of this calculation of EBITDA only that portion of EBITDA attributable to the net income, expenses, losses, charges and gains of each Special Purpose Subsidiary) for each period of four consecutive fiscal quarters of the Parent ended on or immediately prior to such time.

“Debt Rating” has the meaning specified in the definition of Applicable All In Drawn LIBOR Spread.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Defaulting Lender” means, subject to Section 8.16(b), any Lender that, as determined by the Administrative Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Advances or participations in respect of Letters of Credit or Swing Line Loans, within three Business Days of the date required to be funded by it hereunder, (b) has notified the Borrower, or the Administrative Agent or any Lender that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under

other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations, or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under the bankruptcy code of the United States or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower, the L/C Issuer, the Swing Line Lender and each other Lender promptly following such determination.

“ Designated Jurisdiction ” means any country that itself is specifically targeted by a sanctions program identified on the list maintained by OFAC and available at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or any successor list maintained by, or as otherwise published from time to time by, OFAC.

“ Disclosed Litigation ” has the meaning specified in Section 4.01(i) .

“ Disinterested Director ” shall mean, with respect to any Person and transaction, a member of the board of directors of such Person who does not have any material direct or indirect financial, ownership, or other beneficial interest in or with respect to such transaction or any party to such transaction other than such Person.

“ Dollars ” and the “ \$ ” sign each means lawful money of the United States of America.

“ Domestic Lending Office ” means, with respect to any Lender, the office of such Lender specified as its “Domestic Lending Office” opposite its name on Schedule I hereto or in the Assignment and Assumption pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“ EBITDA ” means, for any period, net income (or net loss) of the Parent and its Subsidiaries, on a Consolidated basis excluding consolidated investment products *plus* the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) extraordinary losses, (f) exceptional losses, and (g) all non-cash

charges exclusive of any non-cash charge to the extent it represents a reserve for cash expenditures in any future period, *minus* (x) extraordinary gains and (y) exceptional gains, in each case determined in accordance with GAAP for such period, and (z) all non-cash gains exclusive of gains for which the Parent expects cash proceeds in a future period; *provided*, that, for purposes of calculating EBITDA for the Parent and its Subsidiaries for any period, the EBITDA of any Person (or assets or division of such Person) acquired by the Parent or any of its Subsidiaries during such period shall be included on a *pro forma* basis for such period (assuming the consummation of such acquisition occurred on the first day of such period).

“ Effective Date ” has the meaning specified in Section 3.01.

“ Eligible Assignee ” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person), subject to such consents as may be required under Section 8.06(b)(iii); *provided* that notwithstanding the foregoing, “Eligible Assignee” shall not include the Parent, the Borrower or any of the Parent’s Affiliates or Subsidiaries; and *provided further, however*, that an Eligible Assignee shall include only a Lender, an Affiliate of a Lender or another Person, which, through its lending offices, is capable of lending Sterling to the Borrower without the imposition of any additional Indemnifiable Taxes.

“ Environmental Laws ” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“ Equity Interests ” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ Equivalent ” means, at any time, (a) with respect to any amount denominated in Dollars, the equivalent amount thereof in Sterling as determined by the Administrative Agent or the L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Sterling with Dollars, and (b) with respect to any amount denominated in Sterling, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with Sterling.

“ ERISA ” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ ERISA Affiliate ” means any Person that for purposes of Title IV of ERISA is a member of any Loan Party’s controlled group, or under common control with any Loan Party, within the meaning of Section 414 (b) or (c) of the Internal Revenue Code or, for purposes of Section 412 and 430 of the Internal Revenue Code, under Section 414(m) or (o) of the Internal Revenue Code.

“ ERISA Event ” means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) at the time when the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are applicable to any Loan Party or any ERISA Affiliate an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to a Plan within the following 30 days; (b) the filing by any Loan Party or any ERISA Affiliate of an application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan or Multiemployer Plan of a notice of intent to terminate such Plan or Multiemployer Plan pursuant to Section 4041 or 4041A of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a) (2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA on the assets of any Loan Party or any ERISA Affiliate shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring any Loan Party or any ERISA Affiliate to provide security to such Plan pursuant to Section 436 (f) of the Internal Revenue Code; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan, *provided, however*, that the event or condition set forth in Section 4042(a)(4) of ERISA shall be an ERISA Event only if the PBGC has notified any Loan Party or any ERISA Affiliate that it has made a determination under such section or that it is considering termination of a Plan on such grounds.

“ Eurocurrency Base Rate ” has the meaning specified in the definition of Eurocurrency Rate.

“ Eurocurrency Lending Office ” means, with respect to any Lender, the office of such Lender specified as its “Eurocurrency Lending Office” opposite its name on Schedule I hereto or in the Assignment and Assumption pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.



“Eurocurrency Rate” means for any Interest Period with respect to a Eurocurrency Rate Advance or a Base Rate Advance the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurocurrency Rate} = \frac{\text{Eurocurrency Base Rate}}{1.00 - \text{Eurocurrency Reserve Percentage}}$$

Where,

“Eurocurrency Base Rate” means, for such Interest Period:

(a) with respect to each Eurocurrency Rate Advance, the rate per annum equal to (i) the British Bankers Association LIBOR Rate or the successor thereto if the British Bankers Association is no longer making a LIBOR rate available (“LIBOR”), as published by Reuters (or other commercially available source providing quotations of LIBOR as may be designated by the Administrative Agent from time to time) as approximately 11:00 A.M. (London time), two Business Days prior to the commencement of such Interest Period, for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or (ii) if such rate referenced in the preceding clause (i) is not available at such time for any reason, then the “Eurocurrency Base Rate” for such Interest Period shall be the rate per annum determined in good faith by the Administrative Agent to be the rate at which deposits in the relevant currency for delivery on the first day of such Interest Period in Same Day Funds in the approximate amount of the Eurocurrency Rate Advance being made, continued or Converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch (or other Bank of America branch or Affiliate) to major banks in the London or other offshore interbank market for such currency at their request at approximately 11:00 A.M. (London time) two Business Days prior to the commencement of such Interest Period.

(b) for any interest calculation with respect to a Base Rate Advance on any date, the rate per annum equal to (i) LIBOR, at approximately 11:00 a.m. (London time) determined two London Banking Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined in good faith by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in Same Day Funds in the approximate amount of the Base Rate Advance being made or maintained by Bank of America and with a term equal to one month would be offered by Bank of America’s London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination.

“ Eurocurrency Reserve Percentage ” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurocurrency Rate for each outstanding Eurocurrency Rate Advance shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Percentage.

“ Eurocurrency Rate Advance ” means an Advance that bears interest as provided in Section 2.08(a)(ii).

“ Events of Default ” has the meaning specified in Section 6.01.

“ Exchange Act ” means the Securities Exchange Act of 1934, as amended.

“ Existing Credit Agreement ” has the meaning specified in the preliminary statement to this Agreement.

“ Existing Debt ” means the Debt of the Parent and its Subsidiaries, on a Consolidated basis outstanding as of the Effective Date.

“ FASB ASC ” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“ FATCA ” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any intergovernmental agreements and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code.

“ Federal Funds Rate ” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“ Fee Letter ” means the letter agreement, dated November 4, 2013, among the Borrower, the Parent, the Administrative Agent and Merrill Lynch, Pierce, Fenner and Smith Incorporated.

“Finance Subsidiary” has the meaning specified in Rule 3-10(h)(7) of Regulation S-X promulgated under the Securities Act, as in effect on the date hereof.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to the L/C Issuer, such Defaulting Lender's Pro Rata Share Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender's Pro Rata Share Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable, subject to Section 1.04(b) hereof, to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantor” means the Parent.

“Guaranty” means the Parent Guaranty.

“Hedge Agreements” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

“Indemnifiable Taxes” has the meaning specified in Section 2.15(a).

“Initial Lenders” has the meaning specified in the recital of parties to this Agreement.

“Insufficiency” means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

“Interest Period” means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, with respect to Eurocurrency Rate Advances, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period for each Eurocurrency Rate Advance shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; *provided , however ,* that:

(i) the Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, *provided , however,* that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury regulations promulgated and administrative rulings issued thereunder.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to such Letter of Credit.

" IVZ " has the meaning specified in the recital of parties to this Agreement.

“L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share Percentage. All L/C Advances shall be denominated in Dollars.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing. All L/C Borrowings shall be denominated in Dollars.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Obligations” means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including, without duplication, all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.05. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lenders” means the Initial Lenders and each Person that shall become a party hereto pursuant to Section 8.06, and as the context requires, includes the Swing Line Lender.

“Letter of Credit” means any standby letter of credit issued hereunder.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day), except as otherwise provided herein.

“Letter of Credit Fee” has the meaning specified in Section 2.03(h).

“Letter of Credit Sublimit” means an amount equal to \$150,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Total Commitments.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Loan Documents” means this Agreement, the Notes, the Parent Guaranty, each Issuer Document, and any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.18 of this Agreement.

“Loan Parties” means, collectively, the Borrower and the Guarantor (each individually, a “Loan Party”).

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Material Adverse Change” means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Parent and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Parent and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any Note.

“Maturity Date” means the date that is five (5) years after the Effective Date.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Non-Loan Party Finco” means any Finance Subsidiary that, at the time of determination, is not a Loan Party.

“Note” means a promissory note, or as requested by any Lender, an amended and restated promissory note, of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Advances made by such Lender, as it may be amended, restated or modified from time to time, or any substitute therefor or replacement thereof.

“Notice of Borrowing” has the meaning specified in Section 2.02(a).

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising and including

interest and fees that accrue after the commencement by or against the Borrower of any proceeding under the bankruptcy code of the United States or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally naming the Borrower as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“ OFAC ” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“ Office Equipment Sale and Leaseback ” means the sale and leaseback transaction pursuant to which Invesco Group Services, Inc. sold office equipment for its Atlanta, Georgia headquarters facility to the Development Authority of Fulton County for an aggregate price not in excess of \$20,000,000 and then leased back such office equipment from the Development Authority of Fulton County.

“ Office Equipment Sale and Leaseback Bonds ” means those certain industrial revenue bonds issued by the Development Authority of Fulton County for the purpose of financing the purchase by the Development Authority of Fulton County of that certain office equipment the subject matter of the Office Equipment Sale and Leaseback.

“ Office Equipment Sale and Leaseback Lease ” the lease by Invesco Group Services, Inc. of that certain office equipment subject to the Office Equipment Sale and Leaseback from the Development Authority of Fulton County.

" Other Taxes " has the meaning specified in Section 2.15(b) .

“ Outstanding Amount ” means (i) with respect to Advances and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Advances and Swing Line Loans, as the case may be, occurring on such date, and (ii) with respect to L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursement by the Borrower of Unreimbursed Amounts. For Advances and L/C Obligations denominated in Sterling, for purposes of determining the Outstanding Amount thereof, such amount shall be the Equivalent thereof in Dollars.

“ Overnight Rate ” means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent or the Swing Line Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in Sterling, the rate of interest per annum at which overnight deposits in Sterling, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of

America in the applicable offshore interbank market for such currency to major banks in such interbank market.

“ Parent ” has the meaning specified in the recital of parties to this Agreement.

“ Parent Guaranty ” means that certain Second Amended and Restated Guaranty dated as of the date hereof executed and delivered by the Parent in favor of the Administrative Agent and the Lenders in substantially the form of Exhibit D, as amended, supplemented or otherwise modified from time to time.

“ PBGC ” means the Pension Benefit Guaranty Corporation (or any successor).

“ Permitted Liens ” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced except as otherwise provided: (a) Liens for taxes, assessments or other governmental charges being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made and maintained in accordance with GAAP and past practices of the Parent and its Subsidiaries therefor and as to which any enforcement, collection, execution, levy or foreclosure proceeding which shall commence or have commenced could not reasonably be expected to result in a Material Adverse Effect; (b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor and as to which any enforcement, collection, execution, levy or foreclosure proceeding which shall commence or have commenced could not reasonably be expected to result in a Material Adverse Effect; (c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers’ compensation, unemployment insurance and other types of social security, (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property, or (iii) in connection with the cash collateralization of letters of credit permitted under Section 5.02(g)(iii); (d) any Liens securing attachments or judgments unless the judgment it secures results or has resulted in an Event of Default under Section 6.01(f); and (e) leases or subleases granted to others, easements, rights of way and other encumbrances on title to real property that, in the case of any property material to the operation of the business of the Parent and its Subsidiaries taken as a whole, do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

“ Permitted Unit Investment Trust Debt ” means Debt of Invesco Capital Markets, Inc. or any other Subsidiary that is a sponsor of a unit investment trust, in an amount of up to \$400,000,000 in the aggregate to support settlement obligations with The Depository



Trust Company (or other Person performing similar clearing and/or settlement services) in connection with Invesco Capital Markets, Inc.'s or such other Subsidiary's trading operations of a sponsored unit investment trust to the extent such trading operations are permitted by applicable Governmental Authorities.

“ Person ” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“ Plan ” means a Single Employer Plan or a Multiple Employer Plan.

“ Platform ” has the meaning specified in Section 5.01.

“ Pro Rata Share ” of any amount means, with respect to any Lender at any time, the product of such amount *times* such Lender's Pro Rata Share Percentage at such time.

“ Pro Rata Share Percentage ” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) obtained by dividing such Lender's Commitment at such time by the Total Commitments at such time, subject to adjustment as provided in Section 8.16. If the Commitment of each Lender and the obligations of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 6.02 or if the Total Commitments have expired, then the Pro Rata Share Percentage of each Lender shall be determined based on the Pro Rata Share Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Pro Rata Share Percentage of each Lender is set forth opposite the name of such Lender on Schedule 1.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“ Qualified Equity Portion of Qualified Securities ” means at any time, the sum of the amounts obtained by multiplying (x) the amount of each Qualified Security by (y) the Qualified Equity Percentage at such time of such Qualified Security.

“ Qualified Equity Percentage ” means, with respect to a Qualified Security, the lowest percentage (whether specifically stated or implied through calculation) accorded equity treatment for such Qualified Security by either S&P or Moody's, as determined by such rating agencies from time to time.

“ Qualified Security ” means any security issued by the Parent or the Borrower that (i) has attributes of both debt and equity, (ii) is rated by both S&P and Moody's, (iii) the proceeds of which are accorded a percentage of equity treatment by both S&P and Moody's, (iv) matures after the Maturity Date, and (v) ranks in priority of repayment no higher than pari passu with, and is not structurally superior to, the senior credit facility provided to the Borrower under this Agreement and the other Loan Documents (including, without limitation, all of the Obligations).

“ Register ” has the meaning specified in Section 8.06(c).

“ Related Parties ” means with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“ Relevant Taxing Authority ” means the taxing authority with which the applicable Treaty Form is required to be filed, in the country of residence of a Lender.

“ Required Lenders ” means at any time Lenders owed greater than 50% of the then aggregate unpaid principal amount of the Advances and L/C Obligations owing to Lenders (with the aggregate amount of each Lender’s risk participation and funded participation in Swing Line Loans and L/C Obligations being deemed owed to such Lender for purposes of this definition), or, if no such amount is then outstanding, Lenders holding greater than 50% of the Commitments *provided* that the portion of the aggregate unpaid principal amount of the Advances and risk participations and funded participations in Swing Line Loans and L/C Obligations owing to or deemed owed to, and the Commitment of, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“ Revaluation Date ” means (a) with respect to any Advance, each of the following: (i) each date of a Borrowing of a Eurocurrency Rate Advance denominated in Sterling, (ii) each date of a continuation of a Eurocurrency Rate Advance denominated in Sterling, and (iii) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in Sterling, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by the L/C Issuer under any Letter of Credit denominated in an Sterling, and (iv) such additional dates as the Administrative Agent or the L/C Issuer shall determine or the Required Lenders shall require.

“ Same Day Funds ” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in Sterling, same day or other funds as may be determined by the Administrative Agent, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in Sterling.

“ Sanctioned Person ” means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (b) a Person named on the lists maintained by the United Nations Security Council available at [http://www.un.org/sc/committees/list\\_compend.shtml](http://www.un.org/sc/committees/list_compend.shtml), or as otherwise published from time to time, (c) a Person named on the lists maintained by the European Union available at [http://eeas.europa.eu/cfsp/sanctions/consol-list\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm), or as otherwise published from time to time, (d) a Person named on the lists maintained by Her Majesty’s Treasury available at [http://www.hm-treasury.gov.uk/fin\\_sanctions\\_index.htm](http://www.hm-treasury.gov.uk/fin_sanctions_index.htm), or as otherwise published from time to time, or (e) (i) an agency of the government of a Designated Jurisdiction, (ii) an organization controlled by a Designated Jurisdiction, or (iii) a person

resident in a Designated Jurisdiction, to the extent such person is subject to a sanctions program administered by OFAC.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. and any successor thereto.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Laws” means the Securities Act, the Exchange Act, Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

“Significant Subsidiary” means (a) the Borrower, (b) each Finance Subsidiary, and (c) each other Subsidiary of the Parent that (i) is organized under the laws of the United States or any political subdivision thereof or (ii) is an operating Subsidiary of the Parent or a Subsidiary of the Parent that directly or indirectly owns an operating Subsidiary of the Parent.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is maintained for employees of any Loan Party or any ERISA Affiliate and no Person other than any Loan Party and the ERISA Affiliates.

“Solvent” and “Solvency” mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Special Purpose Subsidiary” means a Subsidiary created or acquired, and wholly owned, directly or indirectly, by the Parent whose primary business is investing in real estate properties or other investment assets, the acquisition of which properties or assets are financed in whole, or in part, with Subsidiary Non-Recourse Debt, and whose primary assets consist of such real estate properties and other investment assets.

“Spot Rate” for a currency means the rate determined by the Administrative Agent or the L/C Issuer, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the L/C Issuer may obtain such spot rate from another financial institution designated by the Administrative Agent or the L/C Issuer if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; and provided further that the L/C Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in Sterling.

“Sterling” means lawful money of the United Kingdom of Great Britain and Northern Ireland.

“Subsidiary” of any Person means any corporation, limited liability company, partnership, joint venture, trust or estate of which (or in which) more than 50% of (a) in the case of a corporation, the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) in the case of a limited liability company, partnership or joint venture, the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) in the case of a trust or estate, the beneficial interest in such trust or estate, in each instance above is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries. Unless otherwise specified, all references to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Parent.

“Subsidiary Non-Recourse Debt” means with respect to all Special Purpose Subsidiaries of the Parent, Debt incurred by such Special Purpose Subsidiaries up to an aggregate principal amount for all such Special Purpose Subsidiaries at any time outstanding not to exceed \$500,000,000, (i) the proceeds of which are used to finance the acquisition of real estate properties and other investment assets by such Special Purpose Subsidiary, (ii) that is not guaranteed by the Borrower or the Parent, and (iii) where recourse for repayment of such Debt is contractually limited to such Special Purpose Subsidiary and the specific real estate properties or other investment assets of such Special Purpose Subsidiary financed with the proceeds thereof.

“Swing Line” means the revolving credit facility made available by the Swing Line Lender pursuant to Section 2.04.

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.04.

“ Swing Line Lender ” means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“ Swing Line Loan ” has the meaning specified in Section 2.04(a) .

“ Swing Line Loan Notice ” means a notice of a Swing Line Borrowing pursuant to Section 2.04(b) , which, if in writing, shall be substantially in the form of Exhibit B-2 .

“ Swing Line Sublimit ” means an amount equal to the lesser of (a) \$100,000,000 and (b) the Total Commitments. The Swing Line Sublimit is part of, and not in addition to, the Total Commitment.

“ Taxes ” has the meaning specified in Section 2.15(a) .

“ Termination Date ” means the earlier of (i) the Maturity Date and (ii) the date of termination in whole of the Commitments pursuant to Section 2.06 or 6.01 .

“ Total Commitment ” means, at any time, the aggregate amount of the Lenders’ Commitments at such time.

“ Treaty Form ” means a form of claim for the benefits of an income tax treaty between the United Kingdom and the country of residence of a Lender or the Administrative Agent, as is specified from time to time by HM Revenue & Customs in the United Kingdom.

“ Type ” has the meaning therefor in the definition of Advance.

“ Unreimbursed Amount ” has the meaning specified in Section 2.03(c)(i) .

“ VAT ” means any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any other tax of a similar nature, wherever imposed.

“ Voting Stock ” means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

“ Withdrawal Liability ” has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

Section 1.03 Computation of Time Periods . In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

Section 1.04 Accounting Terms .

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. Except as otherwise provided in the last sentence of this clause (b), if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided* that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower and the Parent shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding anything herein to the contrary and notwithstanding any changes in GAAP, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement.

(c) Consolidation. All references herein to Consolidated financial statements of the Parent and its Subsidiaries or to the determination of any amount for the Parent and its Subsidiaries on a Consolidated basis or any similar reference shall, in each case, be deemed to include each entity that the Parent is required to consolidate pursuant to FASB ASC 810 as if such entity were a Subsidiary as defined herein, *provided* that for purposes of determining compliance with the financial covenants set forth in Section 5.03, the consolidation of investment products shall be disregarded.

Section 1.05 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Equivalent in Dollars of the stated amount of such Letter of Credit in effect at such time; *provided, however*, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Equivalent in Dollars of the maximum stated amount of such Letter of Credit after giving effect to all such increases and any subsequent decreases, whether or not such maximum stated amount is in effect at such time.

## ARTICLE II

### AMOUNTS AND TERMS OF THE ADVANCES

Section 2.01 The Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate principal

amount (based in respect of any Advance denominated in Sterling on the Equivalent in Dollars), not to exceed at any time outstanding the amount of such Lender's Commitment less (i) such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations and (ii) such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans. Each Borrowing shall be in an aggregate amount of \$5,000,000 (or the Equivalent thereof in Sterling) or an integral multiple of \$1,000,000 (or the Equivalent thereof in Sterling) in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.11 and reborrow under this Section 2.01.

Section 2.02 Making the Advances. (a) Each Borrowing shall be made on notice, given not later than (x) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, (y) 11:00 A.M. (New York City time) on the fifth Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Sterling, or (z) 11:00 A.M. (New York City time) on the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed promptly in writing, and signed by an authorized signatory of the Borrower, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing consisting of Eurocurrency Rate Advances, the initial Interest Period and whether such Advance shall be in Dollars or in Sterling. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Office, in Same Day Funds, such Lender's Pro Rata Share of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's address referred to in Section 8.02; *provided, however*, that if, on the date the Notice of Borrowing with respect to such Borrowing is given by the Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and second, shall be made available to the Borrower as provided above.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurocurrency Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than \$5,000,000 (or the Equivalent thereof in Sterling) or if the obligation of the Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.09 or 2.13 and (ii) the Eurocurrency Rate Advances may not be outstanding as part of more than ten separate Borrowings.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified

in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's Pro Rata Share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, but shall have no obligation to, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Overnight Rate. If such Lender shall repay to the Administrative Agent such corresponding amount such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement, and thereafter, the Borrower's obligation to repay such amount to the Administrative Agent in accordance with this subsection (d) shall no longer be required; *provided* that the Borrower shall not be relieved of its obligation to pay the interest on such amount referred to herein unless and only to the extent that such Lender has paid the interest on such amount referred to herein.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

### Section 2.03 Letters of Credit.

#### (a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Effective Date until the Letter of Credit Expiration Date, to issue Letters of Credit denominated in Dollars or Sterling for the account of the Borrower or any other Subsidiary of the Parent, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of Borrower or other Subsidiaries of the Parent (for the avoidance of doubt, including any Letters of Credit with an expiry date later than the Letter of Credit Expiration Date issued in accordance with Section 2.03(a)(ii)(B) below) and any drawings thereunder; *provided* that after giving effect to any L/C Credit Extension



with respect to any Letter of Credit (based in respect of any Letter of Credit denominated in Sterling on the Equivalent in Dollars), (x) the Outstanding Amount of all Advances, all L/C Obligations and all Swing Line Loans shall not exceed the Total Commitment, (y) the Outstanding Amount of the Advances of any Lender plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall not issue any Letter of Credit if:

(A) subject to Section 2.03(b)(iii), the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, provided that a requested Letter of Credit may have an expiry date that occurs more than twelve months after the date of issuance or last extension if all Lenders have approved such expiry date; or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless (i) on or before the Letter of Credit Expiration Date, the Borrower has Cash Collateralized 100% of the undrawn amount of such Letter of Credit, such Cash Collateral to be in the same currency as the related Letter of Credit or (ii) all the Lenders have otherwise approved such expiry date.

(iii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing the Letter of Credit, or any law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally, so long as such

policies are consistently applied by the L/C Issuer to its customers generally and to letters of credit issued by it, such policies are not unusual to similarly situated financial institutions and such policies are not contrary to the express contractual obligations of the L/C Issuer under this Agreement;

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, the Letter of Credit is in an initial stated amount less than \$1,000,000;

(D) the Letter of Credit is to be denominated in a currency other than Dollars or Sterling;

(E) any Lender is at that time a Defaulting Lender, unless the L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the L/C Issuer (in its sole discretion) with the Borrower or such Lender to eliminate the L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 8.16(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which the L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(F) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) The L/C Issuer shall not amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

(v) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(vi) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article VII with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article VII included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the L/C Issuer (with a copy to the Administrative

Agent) in the form of a Letter of Credit Application, appropriately completed and signed by an authorized signatory of the Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m. (New York City time) at least one Business Day (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; (H) the Borrower or other Subsidiary of the Parent on whose account the requested Letter of Credit is being issued; and (I) such other matters as the L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may require. Additionally, the Borrower shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may reasonably require. Such Letter of Credit Application may be sent by facsimile, by United States mail, by overnight courier, by electronic transmission using the system provided by the L/C Issuer, by personal delivery or by any other means acceptable to the L/C Issuer.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article III shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or the applicable Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit (for the avoidance of doubt, including any Letters of Credit with an expiry date later than the Letter of Credit Expiration Date issued in accordance with Section 2.03(a)(ii)(B)), each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share Percentage times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an “Auto-Extension Letter of Credit”); *provided* that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the “Non-Extension Notice Date”) in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date unless on or before the Letter of Credit Expiration Date, the Borrower has complied with the requirements set forth in Section 2.03(a)(ii)(B), in which case such expiry date shall not extend more than twelve months past the Letter of Credit Expiration Date unless all Lenders have otherwise consented thereto; *provided, however*, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or any Loan Party that one or more of the applicable conditions specified in Section 3.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the Borrower and the Administrative Agent thereof. In the case of a Letter of Credit denominated in Sterling, the Borrower shall reimburse the L/C Issuer in Sterling, unless (A) the L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, the Borrower shall have notified the L/C Issuer promptly following receipt of the notice of drawing that the Borrower will reimburse the L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in Sterling, the L/C Issuer shall notify the Borrower of the Equivalent in Dollars of the amount of the drawing promptly following the determination thereof. Not later than 11:00 a.m. (New York City time) on the next Business Day succeeding payment by the L/C Issuer under a Letter of Credit (each such L/

C Issuer payment date, an “Honor Date”), the Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing; provided, however, that in the event such reimbursement by the Borrower is made on the next Business Day succeeding the Honor Date, interest shall accrue on the amount of such drawing for the account of the Borrower from the Honor Date until the date of such reimbursement at a rate equal to the Base Rate plus the Applicable Margin for Base Rate Advances. If the Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in the Equivalent in Dollars thereof in the case of a Letter of Credit denominated in Sterling) (the “Unreimbursed Amount”), and the amount of such Lender’s Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Base Rate Advances to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount (expressed in the amount of the Equivalent in Dollars thereof in the case of any Unreimbursed Amount in Sterling), without regard to the minimum and multiples specified in Section 2.01 for the principal amount of Base Rate Advances, but subject to the unutilized portion of the Total Commitments and the conditions set forth in Section 3.02 (other than delivery by the Borrower of a Notice of Borrowing). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; *provided* that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available (and the Administrative Agent may apply Cash Collateral provided for this purpose) for the account of the L/C Issuer, in Dollars, at the Administrative Agent’s Office for Dollar-denominated payments in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. (New York City time) on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer in Dollars.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Base Rate Advances because the conditions set forth in Section 3.02 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount (expressed in the amount of the Equivalent in Dollars thereof in the case of any Unreimbursed Amount in Sterling) that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest in accordance with Section 2.08(b). In such event, each Lender’s payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Lender funds its Advance or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Advances or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Advances pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 3.02 (other than delivery by the Borrower of a Notice of Borrowing). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), then, without limiting the other provisions of this Agreement, the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Advance included in the relevant Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (based on the Equivalent in Dollars for any payment received in Sterling) in Dollars.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned by the L/C Issuer (including pursuant to any settlement entered into by the L/C Issuer in its discretion ) , each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any other Subsidiary of the Parent may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit, so long as the L/C Issuer reasonably determined that such draft or certificate substantially complied with the terms of such Letter of Credit, or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under the bankruptcy code of the United States or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other Subsidiary of the Parent.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided, however*, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); *provided, however*, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. The L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Applicability of ISP; Limitation of Liability. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued, the rules of the ISP shall apply



to each standby Letter of Credit. Notwithstanding the foregoing, the L/C Issuer shall not be responsible to the Borrower for, and the L/C Issuer's rights and remedies against the Borrower shall not be impaired by, any action or inaction of the L/C Issuer required under any law or order, that is required to be applied to any Letter of Credit or this Agreement, including the law or any order of a jurisdiction where the L/C Issuer or the beneficiary is located, or the decisions or opinions of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such to apply thereto.

(h) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share Percentage, in Dollars, a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Margin for Eurodollar Rate Advances times the Equivalent in Dollars of the daily amount available to be drawn under such Letter of Credit; *provided, however*, any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to the L/C Issuer pursuant to this Section 2.03 or Section 2.18 shall be payable, to the maximum extent permitted by applicable Law, to the other Lenders in accordance with the upward adjustments in their respective Pro Rata Share Percentages allocable to such Letter of Credit pursuant to Section 8.16(a)(iv), with the balance of such fee, if any, payable to the L/C Issuer for its own account. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.04. Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Margin for Eurodollar Rate Advances during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Margin for Eurodollar Rate Advances separately for each period during such quarter that such Applicable Margin for Eurodollar Rate Advances was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at a rate equal to the Applicable Margin for Eurodollar Rate Advances plus 2% per annum.

(i) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the L/C Issuer for its own account, in Dollars, a fronting fee with respect to each Letter of Credit, at the rate per annum specified in the Fee Letter, computed on the Equivalent in Dollars of the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.04. In addition, the Borrower shall pay directly to the L/C Issuer for its own account, in Dollars, the customary issuance, presentation, amendment and other processing fees, and other

standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(j) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(k) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary of the Parent, the Borrower shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries of the Parent inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

#### Section 2.04 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, to make Advances (each such Advance, a "Swing Line Loan") to the Borrower from time to time on any Business Day during the period from the Effective Date to the Termination Date in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Advances of the Swing Line Lender, may exceed the amount of such Lender's Commitment; *provided, however*, that after giving effect to any Swing Line Loan, (i) the Outstanding Amount of all Advances, all L/C Obligations and all Swing Line Loans shall not exceed the Total Commitment, and (ii) the Outstanding Amount of the Advances of any Lender plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and *provided, further*, that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.11, and reborrow under this Section 2.04. Each Swing Line Loan shall be in Dollars. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 3:00 P.M. (New York City time) on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$1,000,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by an authorized signatory

of the Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 4:00 P.M. (New York City time) on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Section 3.02 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 5:00 P.M. (New York City time) on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower in Same Day Funds.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Advance in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Notice of Borrowing for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified in Section 2.01 for the principal amount of Base Rate Advances, but subject to the unutilized portion of the Total Commitments and the conditions set forth in Section 3.02. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Notice of Borrowing promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Notice of Borrowing available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 P.M. (New York City time) on the day specified in such Notice of Borrowing, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such an Advance in accordance with Section 2.04(c)(i), the request for Base Rate Advances submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Advances or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the

Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) in the case of each Lender's obligation to purchase and fund risk participations only, the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Advances (but not to fund risk participations in Swing Line Loans) pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 3.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share (determined at the time of such purchase and funding) of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the all amounts owing hereunder and under any Loan Document and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until a Lender funds its Base Rate Advance or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender, and after such Lender funds its Base Rate Advance or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, such interest shall be for the account of such Lender.

(f) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

Section 2.05 Fees. In addition to certain fees described in subsections (h) and (i) of Section 2.03:

(a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee on (i) until the Termination Date, the aggregate amount of such Lender's

Commitment from the Effective Date in the case of each Initial Lender and from the effective date specified in the Assignment and Assumption pursuant to which it became a Lender in the case of each other Lender until the Termination Date and (ii) after the Termination Date in the event that any Letter of Credit is issued with an expiry date that occurs beyond the Termination Date, on the aggregate amount of such Lender's unfunded and funded risk participations in all such Letters of Credit until such Letters of Credit have expired and all L/C Obligations with respect thereto have been paid in full or terminated (the "Extended L/C Termination Date"), in each case, subject to adjustment as provided in Section 8.16, at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last Business Day of each March, June, September and December (each a "Facility Fee Payment Date"), commencing with the Facility Fee Payment Date first occurring after the Effective Date, and, in the case of clause (i) above, on the Termination Date, and in the case of clause (ii) above on the Extended L/C Termination Date.

(b) Agent's Fees. The Borrower shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Administrative Agent, including without limitation in the Fee Letter.

Section 2.06 Termination or Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or permanently reduce ratably in part the unused portions of the respective Commitments of the Lenders, *provided* that each partial reduction of the Total Commitment shall be in the aggregate amount of \$25,000,000 or an integral multiple of \$1,000,000 in excess thereof.

Section 2.07 Repayment of Advances.

(a) The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of all Advances then outstanding together with all accrued and unpaid interest, fees and costs associated therewith. Repayments made pursuant to this clause (a) shall be in the same currency in which such outstanding Advances were made.

(b) The Borrower shall repay each Swing Line Loan together with accrued and unpaid interest thereon on the earlier to occur of (i) the date ten (10) Business Days after such Swing Line Loan is made, and (ii) the Termination Date.

Section 2.08 Interest on Advances.

(a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time *plus* (y) the Applicable Margin for Base Rate Advances in effect from time to time, payable in arrears quarterly on the last Business Day of each March, June, September

and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurocurrency Rate Advances . During such periods as such Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Advance *plus* (y) the Applicable Margin for Eurocurrency Rate Advances in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(iii) Swing Line Loans . With respect to each Swing Line Loan, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time *plus* (y) the Applicable Margin for Base Rate Advances in effect from time to time payable in arrears on the date of repayment or refinancing, in whole or in part, of such Swing Line Loan.

(b) Default Interest . Upon the occurrence and during the continuance of an Event of Default, with the consent or at the direction of the Required Lenders, the Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i), (a)(ii) or (a)(iii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i), (a)(ii) or (a)(iii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

#### Section 2.09 Interest Rate Determination .

(a) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.08(a)(i), (ii) or (iii) .

(b) If, (i) with respect to any Eurocurrency Rate Advance or conversions to or continuations thereof, the Administrative Agent reasonably and in good faith determines that deposits (whether in Dollars or Sterling) are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurocurrency Rate Advance, (ii) adequate and reasonable means do not exist for determining the Eurocurrency Rate (A) for any requested Interest Period with respect to a proposed Eurocurrency Rate Advance (whether denominated in Dollars or Sterling) or (B) in connection with an existing or proposed Base Rate Advance (in each case with respect to clause (i) and (ii) above, “Impacted Loans”), or (iii) the Required Lenders notify the Administrative Agent that the Eurocurrency Rate for any Interest Period for any Eurocurrency Rate Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower

and the Lenders, whereupon (1) the obligation of the Lenders to make or maintain Eurocurrency Rate Advances in the affected currency or currencies shall be suspended (to the extent of the affected Eurocurrency Rate Advances or Interest Periods), and (2) in the event of a determination described in clause (ii)(B) with respect to the Eurocurrency Rate component of the Base Rate, the utilization of the Eurocurrency Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Advances in the affected currency or currencies (to the extent of the affected Eurocurrency Rate Advances or Interest Periods) or, failing that, will be deemed (x) to have converted such request for a Borrowing of Eurocurrency Rate Advances into a request for a Borrowing of Base Rate Advances in the amount specified therein (or in the Equivalent amount in Dollars if such request was for a Borrowing of Eurocurrency Rate Advances in Sterling) and (y) to have withdrawn any such request for a conversion to, or continuation of, a Eurocurrency Rate Advance, in which case each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance in Dollars, and each Base Rate Advance shall continue as a Base Rate Advance.

(c) Notwithstanding the foregoing, if the Administrative Agent or the Required Lenders have made any determination described in clause (b) above, the Administrative Agent may, with the consent of the Borrower and the Required Lenders, establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (i) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (b) of this section, (ii) the Administrative Agent or the Required Lenders notify the Administrative Agent and the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (iii) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its Applicable Lending Office to make, maintain or fund Advances whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Borrower written notice thereof.

(d) If the Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period for such Eurocurrency Rate Advance, Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended.

Section 2.10 Optional Conversion of Advances. The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on



the third Business Day, with respect to Advances in Dollars, or the fifth Business Day, with respect to Advances in Sterling, prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, Convert all Advances of one Type comprising the same Borrowing into Advances of the other Type; *provided, however*, that any Conversion of Eurocurrency Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurocurrency Rate Advances, any Conversion of Base Rate Advances into Eurocurrency Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Advances shall result in more separate Eurocurrency Rate Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

Section 2.11 Prepayments of Advances.

(a) Optional Prepayments. The Borrower may, upon notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, given not later than 11:00 A.M. (New York City time) on the third Business Day, with respect to Advances in Dollars, or the fifth Business Day, with respect to Advances in Sterling, prior to the date of such proposed prepayment, in the case of Eurocurrency Rate Advances, and not later than 11:00 A.M. (New York City time) on the day of such proposed prepayment, in the case of Base Rate Advances, and if such notice is given the Borrower shall, prepay the Outstanding Amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid, with such prepayment to be made in the currency in which such Advances were made; *provided, however*, that (x) except in the case of prepayments of Swing Line Loans, as described in clause (z) below, each partial prepayment shall be in an aggregate principal amount of \$5,000,000 or the Equivalent thereof in Sterling or an integral multiple of \$1,000,000 or the Equivalent thereof in Sterling in excess thereof, (y) in the event of any such prepayment of a Eurocurrency Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c) and (z) in the case of a Swing Line Loan, the Borrower may prepay the Outstanding Amount of such Swing Line Loan, together with accrued interest to the date of such prepayment on the principal amount prepaid, at any time in minimum increments of \$100,000.

(b) Mandatory Prepayments.

(i) If at any time the sum of (A) the aggregate principal amount of all Advances denominated in Dollars then outstanding plus (B) the Equivalent in Dollars of the aggregate principal amount of all Advances denominated in Sterling then outstanding plus (C) the aggregate amount of all L/C Obligations denominated in Dollars then outstanding plus (D) the Equivalent in Dollars of the aggregate amount of all L/C Obligations denominated in Sterling outstanding exceeds the Total Commitment on such date, the Borrower shall, within two Business Days after receipt of such notice given pursuant to (ii) below, prepay the outstanding principal amount of any Advances and/or Cash Collateralize 100% of the L/C

Obligations pursuant to this Section 2.11(b) in an aggregate amount sufficient to reduce such sum to an amount not to exceed the Total Commitment on such date.

(ii) Each prepayment made pursuant to this Section 2.11(b) (A) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 8.04(c), and (B) shall be made in the currency in which the Advances subject to such prepayment were made. The Administrative Agent shall give prompt notice of any prepayment required under this Section 2.11(b) to the Borrower and the Lenders.

(c) Hedge Agreements. All Hedge Agreements, if any, between the Borrower and any Lender or its affiliates are independent agreements governed by the written provisions of such Hedge Agreements, which will remain in full force and effect, unaffected by any repayment, prepayment, acceleration, reduction, increase or change in terms of this Agreement or the Notes, except as otherwise expressly provided in said written swap agreements, and any payoff statements from the Administrative Agent relating to this Agreement shall not apply to said Hedge Agreements, except as otherwise expressly provided in such payoff statement.

Subject to Section 8.16, each prepayment pursuant to this Section 2.11 (other than prepayments of Swing Line Loans) shall be applied to the Advances of the Lenders in accordance with their respective Pro Rata Share Percentages.

#### Section 2.12 Increased Costs.

(a) If, due to any Change in Law, there shall be any increase in the cost to any Lender of agreeing to make or making, funding, converting to, continuing or maintaining Eurocurrency Rate Advances or to any Lender or the L/C Issuer of participating in, issuing or maintaining any Letters of Credit (excluding for purposes of this Section 2.12 any such increased costs resulting from (i) Indemnifiable Taxes or Other Taxes (as to which Section 2.15 shall govern) and (ii) changes in taxes measured by or imposed upon the net income or gross income or franchise taxes, or taxes measured by or imposed upon capital or net worth, or branch taxes, of such Lender, its Applicable Lending Office or the L/C Issuer), then the Borrower shall from time to time, within ten days of demand by such Lender or the L/C Issuer (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender or the L/C Issuer additional amounts sufficient to compensate such Lender or the L/C Issuer for such increased cost; *provided* that, before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office and the L/C Issuer agrees to use reasonable efforts to assign its rights and obligations hereunder to another of its offices, branches or affiliates if the making of such a designation or assignment would avoid the need for, or reduce the amount of, such additional cost and would not, in the reasonable judgment of such Lender or the L/C Issuer, be otherwise disadvantageous to such Lender or the L/C Issuer.

(b) If any Lender or the L/C Issuer reasonably determines that any Change in Law affects or would affect the amount of capital or liquidity required or expected to be maintained by such Lender or the L/C Issuer or any corporation controlling such Lender or the L/C Issuer and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder, the L/C Issuer's commitment to issue Letters of Credit hereunder, and other commitments of similar types, and such Lender or the L/C Issuer reasonably determines that the rate of return on its or such controlling corporation's capital as a consequence is reduced to a level below that which such Lender, the L/C Issuer or such controlling corporation would have achieved but for the occurrence of such conditions (taking into consideration such Lender's or L/C Issuer's policies and the policies of such Lender's or L/C Issuer's controlling company with respect to capital adequacy), then, within ten days of demand by such Lender or the L/C Issuer (with a copy of such demand to the Administrative Agent), the Borrower shall pay to the Administrative Agent for the account of such Lender or the L/C Issuer, from time to time as specified by such Lender or the L/C Issuer, additional amounts sufficient to compensate such Lender, the L/C Issuer or such corporation in the light of such circumstances, to the extent that such Lender or the L/C Issuer reasonably determines such increase in capital to be allocable to the existence of such Lender's or the L/C Issuer's commitment to lend hereunder.

(c) If a Lender changes its Applicable Lending Office or the L/C Issuer assigns its rights and obligations hereunder to another of its offices, branches or affiliates (other than pursuant to this Section 2.12 or Section 2.13 or 2.15 (g)) and the effect of such change, as of the date of such change, would be to cause the Borrower to become obligated to pay any additional amounts under this Section 2.12, the Borrower shall not be obligated to pay such additional amount.

(d) A certificate of a Lender or the L/C Issuer setting forth the amount of any claim made under this Section 2.12 and identifying with reasonable specificity the basis for calculating such amount, shall be delivered to the Borrower and the Administrative Agent and shall be conclusive absent manifest error.

Section 2.13 Illegality; Circumstances Affecting Availability. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent (who will promptly notify the Borrower and the other Lenders) that the introduction of or any change in or in the interpretation of any law or regulation after the date hereof makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Advances for which interest is determined by reference to the Eurocurrency Rate or to fund or maintain such Advances hereunder, or if the Administrative Agent determines that by reason of circumstances affecting foreign exchange and interbank markets generally, the Eurocurrency Rate cannot be determined, then (A) each Eurocurrency Rate Advance will automatically, upon such notice, Convert into a Base Rate Advance (the interest rate on which Base Rate Advances shall, if necessary to avoid any illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate), and (B) the obligation of the Lenders to make Eurocurrency Rate Advances, Convert Base Rate Advances into Eurocurrency Rate Advances or, if necessary to avoid any illegality, to make Base Rate Advances the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate shall be suspended until the Administrative Agent shall notify the

Borrower and the Lenders that the circumstances causing such suspension or inability to determine the Eurocurrency Rate no longer exist or that such Lender has entered into one or more Assignment and Assumptions pursuant to Section 8.06 assigning its Commitment to one or more Eligible Assignees; *provided* that, before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

Section 2.14 Payments Generally and Computations.

(a) General. All payments hereunder and under the Notes to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. The Borrower shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in Dollars, in the case of Advances denominated in Dollars, or in Sterling, in the case of Advances denominated in Sterling, to the Administrative Agent at the Administrative Agent's Office in Same Day Funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.12, 2.15 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 8.06(c), from and after the effective date specified in such Assignment and Assumption, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate (including in each case where the Base Rate is determined by reference to the Eurocurrency Rate) or the Federal Funds Rate and all computations of interest in respect of Advances denominated in Sterling shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurocurrency Rate (other than (i) any case where the Base Rate is determined by reference to the Eurocurrency Rate, and (ii) in respect of interest on Advances in Sterling) and of facility fees, shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; *provided, however*, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar

month, or cause any payment of interest on or principal of Advances to be made after the Maturity Date, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders or the L/C Issuer hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender or the L/C Issuer, as the case may be, on such due date an amount equal to the amount then due such Lender or the L/C Issuer. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender or the L/C Issuer, as the case may be, shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender or the L/C Issuer together with interest thereon, for each day from the date such amount is distributed to such Lender or the L/C Issuer until the date such Lender or the L/C Issuer repays such amount to the Administrative Agent, at the Overnight Rate.

#### Section 2.15 Taxes.

(a) Except as otherwise required by law, any and all payments by the Borrower hereunder, under the Notes or under any other Loan Document issued hereunder shall be made, in accordance with Section 2.14, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings imposed or asserted by any taxation authority and all liabilities with respect thereto (all such taxes, levies, imposts, deductions, charges, withholdings, and liabilities in respect of payments hereunder, under the Notes or under any other Loan Document, along with any penalties, additions to tax, interest and reasonable expenses arising therefrom or with respect thereto (whether or not correctly or legally imposed or asserted by the relevant taxing authority), collectively being hereafter referred to as “Taxes”), *excluding*, in the case of payments made to any Lender, the L/C Issuer or the Administrative Agent (A) Taxes imposed on or measured by its net income (however denominated), and franchise Taxes, branch Taxes, Taxes on doing business and Taxes measured by or imposed upon its capital or net worth, in each case imposed as a result of such Lender (and or such Lender’s Applicable Lending Office), the L/C Issuer or the Administrative Agent being organized under the laws of, or being a legal resident of, or having a fixed place of business or a permanent establishment or doing business in, or as a result of any present or former connection between such Lender, the L/C Issuer or the Administrative Agent with the jurisdiction imposing such Tax (other than any such connection arising solely from such Lender (and or such Lender’s Applicable Lending Office), the L/C Issuer or the Administrative Agent having executed, delivered or performed its obligations, or having received a payment, or having enforced its rights and remedies, under this Agreement or any of the other Loan Documents), (B) United States branch profits tax or any similar tax imposed by any jurisdiction in which the Borrower is located, (C) in the case of a Lender (including such a Lender when acting in the capacity of L/C Issuer) organized under the laws of a jurisdiction outside the United States, any United States withholding tax that is required to be imposed on amounts payable to such Lender (including such a Lender when acting in the capacity of L/C Issuer) pursuant to applicable laws in force at the time such Lender becomes a party hereto (or designates a new Applicable Lending Office), (D) as provided in Section 2.15(g), (E) any tax imposed by FATCA

(or similar reporting and withholding regime imposed by the United Kingdom), (F) United Kingdom withholding Taxes except to the extent no United Kingdom withholding Taxes would have been imposed but for a change, after the date such Lender or the Administrative Agent (as the case may be) becomes a party hereto, in United Kingdom tax law or officially published HM Revenue & Customs practice or an amendment or revocation, after the date such Lender or the Administrative Agent (as the case may be) becomes a party hereto, of an applicable United Kingdom income tax treaty with Austria, Denmark, Finland, France, Germany, Ireland, Iceland, Luxembourg, Netherlands, Norway, Sweden, Switzerland or the United States, and (G) United Kingdom Taxes imposed as a result of the failure of HM Revenue & Customs to approve, on or before a payment of interest to a Lender hereunder, a claim by such Lender for exemption from such United Kingdom Taxes, where such failure is due to such Lender's failure to submit a validly completed and executed Treaty Form within a reasonable time after such Lender would have been allowed to submit such Treaty Form, it being understood that after any such approval by HM Revenue & Customs of such Lender's claim for exemption, such United Kingdom Taxes with respect to such Lender shall (for so long as such Lender remains eligible for the purpose of the relevant double tax treaty or would have remained eligible but for an amendment or revocation of the relevant treaty) not be excluded by this clause (G) from the application of this Section 2.15(a) (any non-excluded Taxes hereinafter referred to as "Indemnifiable Taxes"). If the Borrower shall be required by law to deduct any Indemnifiable Taxes from or in respect of any sum payable hereunder, under any Note issued hereunder or under any other Loan Document to any Lender, the L/C Issuer or the Administrative Agent or, if the Administrative Agent shall be required by law to deduct any Indemnifiable Taxes from or in respect of any sum paid or payable hereunder, under any Note or under any other Loan Document to any Lender or the L/C Issuer, (i) the sum payable shall be increased as may be necessary so that after making all required deductions for Indemnifiable Taxes (including deductions for Indemnifiable Taxes, whether by the Borrower or the Administrative Agent, applicable to additional sums payable under this Section 2.15) such Lender, the L/C Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower (or, as the case may be and as required by applicable law, the Administrative Agent) shall make such deductions and (iii) the Borrower (or, as the case may be and as required by applicable law, the Administrative Agent) shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall timely pay in accordance with applicable laws any present or future stamp or documentary taxes or any other excise (other than income) or property taxes, charges or similar levies that arise from any payment made hereunder, under the Notes or under any other Loan Document or from the execution, delivery or registration of, or performing under this Agreement, the Notes, any other Loan Document or any document to be furnished under or in connection with any thereof or any modification or amendment in respect of this Agreement, the Notes or any other Loan Document (hereinafter referred to as "Other Taxes"); *provided* that for the avoidance of doubt, the Taxes imposed by FATCA shall not be treated as Other Taxes.

(c) The Borrower shall indemnify each Lender, the L/C Issuer and the Administrative Agent for the full amount of Indemnifiable Taxes or Other Taxes imposed on or paid by such Lender, the L/C Issuer or the Administrative Agent (as the case may be) and any liability (including penalties, interest and reasonable expenses) (including Indemnifiable Taxes imposed or asserted on or

attributable to amounts payable under this Section 2.15) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender, the L/C Issuer or the Administrative Agent (as the case may be) makes written demand therefor, whether or not such Indemnifiable Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority.

(d) Within 30 days after the date of any payment of Indemnifiable Taxes under Section 2.15(a) by the Borrower, the Borrower shall furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment to the extent such receipt is received by the Borrower, or other written proof of payment reasonably satisfactory to the Administrative Agent showing payment thereof. In the case of any payment hereunder or under the Notes issued hereunder by or on behalf of the Borrower organized under the laws of the United Kingdom through an account or branch outside the United Kingdom or by or on behalf of the Borrower by a payor that is not a United Kingdom person, if the Borrower determines that no Indemnifiable Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Indemnifiable Taxes.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Assumption pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Borrower shall provide each of the Administrative Agent and the Borrower with (i) two original Internal Revenue Service Form W-8BEN, W-8ECI, or W-8IMY as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from United States withholding tax and (ii) to the extent that any such form or other certification becomes obsolete with respect to any Lender, such Lender shall, upon the written request of the Borrower to such Lender and the Administrative Agent, promptly provide either an updated or successor form or certification to the Borrower and the Administrative Agent unless, in each case, any change in treaty, law or regulation has occurred after the date such Lender becomes a party hereunder which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Each Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Borrower and the Administrative Agent executed originals of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable laws or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements. If a payment made to a Lender under any Loan Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable

law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) Each Lender shall cooperate with the Borrower in promptly completing any procedural formalities necessary for the Borrower to obtain authorization to make any payment hereunder, under the Notes or under any other Loan Document, without deduction or withholding for or on account of the United Kingdom Tax, including (if applicable): (i) (A) as soon as reasonably practicable following the date it becomes a party hereto, submitting to its Relevant Taxing Authority a validly completed Treaty Form (or successor Treaty Form thereto) claiming exemption from United Kingdom withholding Tax on interest, or (B) on or before the date it becomes a party hereto, furnishing to the Borrower, with a copy to the Administrative Agent, a certificate substantially in the form of Exhibit I (a "U.K. Tax Compliance Certificate") certifying that such Lender (1) is a "bank" within the meaning of Section 879 of the Income Tax Act 2007 of the United Kingdom and (2) is within the charge to corporation tax in the United Kingdom with respect to payment hereunder; and (B) agreeing, upon reasonable request by the Borrower, to provide to the Borrower and the Administrative Agent, to the extent it is legally entitled to do so, such other forms or information as may be required by law in order to establish the legal entitlement of such Lender to an exemption from United Kingdom withholding Tax with respect to payments under this Agreement and the Notes issued hereunder, unless, in each case, any change in treaty, law or regulation has occurred after the date such Lender becomes a party hereunder which renders any such forms or information inapplicable or which would prevent such Lender from duly completing and delivering any such form or providing such information with respect to it and such Lender so advises the Borrower and the Administrative Agent.

(g) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form described in Section 2.15(e) (*other than* if the Borrower has failed to timely request with reasonable notice any appropriate renewal, successor or other form or if any such form otherwise is not required under subsection (e) or (f)) or for which any Taxes attributable to such Lender's failure to comply with the provisions of Section 8.06(d)(iii) relating to the maintenance of a Participant Register are required to be paid, such Lender shall not be entitled to indemnification under Section 2.15(a) or (c) with respect to Indemnifiable Taxes imposed by the United Kingdom or the United States by reason of such failure; *provided, however*, that should a Lender become subject to Indemnifiable Taxes or United Kingdom or United States withholding Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Indemnifiable Taxes or United Kingdom or United States withholding Taxes.

(h) If a condition or an event occurs which would, or would upon the passage of time or giving notice, result in the payment of any additional amounts pursuant to this Section 2.15, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory



restrictions) to change the jurisdiction of its Applicable Lending Office and the L/C Issuer agrees to use its reasonable efforts to assign its rights and obligations hereunder to another of its offices, branches or affiliates if the making of such a change or assignment would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender or the L/C Issuer, be otherwise disadvantageous to such Lender or the L/C Issuer.

(i) If the Administrative Agent, the L/C Issuer or any Lender, in its sole opinion exercised in good faith, determines that it has finally and irrevocably received or been granted a refund in respect of any Indemnifiable Taxes or Other Taxes as to which indemnification has been paid by the Borrower pursuant to Section 2.15(a) or (c), it shall promptly remit such refund to the Borrower, net of all out-of-pocket expenses of the Administrative Agent, the L/C Issuer or such Lender; *provided, however*, that the Borrower upon the request of the Administrative Agent, the L/C Issuer or such Lender, agrees promptly to return such refund to such party in the event such party is required to repay such refund to the relevant taxing authority. The Administrative Agent, the L/C Issuer or such Lender shall provide the Borrower with a copy of any notice or assessment from the relevant taxing authority (deleting any confidential information contained therein) requiring the repayment of such refund. Nothing contained herein shall impose an obligation on the Administrative Agent, the L/C Issuer or any Lender to apply for any refund or to disclose to any party any information regarding their proprietary information regarding tax affairs and computations. If the Borrower determines in good faith that a reasonable basis exists for contesting any Taxes for which indemnification has been demanded hereunder, the relevant Lender, the L/C Issuer or the Administrative Agent, as applicable, to the extent permitted by law, rule or regulation, shall reasonably cooperate with the Borrower in challenging such Taxes at the Borrower's expense if so requested by the Borrower in writing. If any Indemnifiable Taxes or Other Taxes are imposed that result in an indemnification or payment obligation on the Borrower, the Borrower shall be entitled to challenge or dispute the imposition of such Indemnifiable Taxes or Other Taxes with the applicable taxing authority in an appropriate proceeding diligently conducted, and the Borrower shall be permitted to control such proceeding, including as to settlement.

(j) If a Lender changes its Applicable Lending Office or the L/C Issuer assigns its rights and obligations hereunder to another of its offices, branches or affiliates (other than pursuant to subsection (g) above or Section 2.12 or 2.13) and the effect of such change, as of the date of such change, would be to cause the Borrower to become obligated to pay any additional amounts under this Section 2.15, the Borrower shall not be obligated to pay such additional amount.

(k) A certificate of a Lender or the L/C Issuer setting forth such amount or amounts as shall be necessary to compensate such Lender or the L/C Issuer specified in Section 2.15(a), (b), or (c) above, as the case may be, and identifying with reasonable specificity the basis for calculation of such amount or amounts, shall be delivered to the Borrower and the Administrative Agent and shall be conclusive absent manifest error.

(l) The obligations of a Lender and the L/C Issuer under this Section 2.15 shall survive the termination of this Agreement and the payment of the Advances and all other Obligations hereunder.

(m) Where the Borrower or Guarantor is required under any provision of this Agreement, the Notes or any other Loan Document issued hereunder to reimburse or indemnify the Administrative Agent, any L/C Issuer and/or any Lender for any cost or expense, then, notwithstanding any provision to the contrary, the amount payable shall not include any amount or amounts in respect of VAT to the extent that the recipient reasonably determines that it or any of its Affiliates is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

Section 2.16 Sharing of Payments, Etc. . If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.12, 2.15 or 8.04(c)), or the participations in L/C Obligations or in Swing Line Loans held by it, in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances (and subparticipations in L/C Obligations and Swing Line Loans) owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; *provided, however*, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of setoff) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. Notwithstanding the foregoing, the provisions of this Section shall not be construed to apply to (x) any payment that is in excess of such Lender's ratable share made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including those provisions providing for the application of funds when a Defaulting Lender exists) or (y) the application of Cash Collateral or other credit support (and proceeds thereof) in respect of obligations relating to Letters of Credit (including related Lender participation obligations) provided for in 2.18.

Section 2.17 Use of Proceeds . The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for working capital, capital expenditures, and for other lawful purposes (including, without limitation, acquisition financing and repurchases of equity, Existing Debt or other Debt of the Parent and its Subsidiaries to the extent not prohibited by this Agreement).

Section 2.18 Cash Collateral and Other Credit Support .

(a) Certain Credit Support Events .

(i) Upon the request of the Administrative Agent or the L/C Issuer (A) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, (B) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, or (C) if the Outstanding Amount

of all L/C Obligations exceeds the Letter of Credit Sublimit, the Borrower shall, in the case of clause (A) and (B) above, promptly Cash Collateralize 100% of the then Outstanding Amount of all L/C Obligations, and in the case of clause (C) above, promptly Cash Collateralize 100% of such excess.

(ii) At any time (A) a Defaulting Lender exists, (B)(1) the Borrower requests a Letter of Credit or (2) a Letter of Credit is outstanding, and (C) the Pro Rata Share Percentages of each non-Defaulting Lender cannot fully be adjusted as set forth in Section 8.16(a)(iv), then the Administrative Agent and the L/C Issuer, may, in their sole discretion, require that the Borrower enter into arrangements satisfactory to the Administrative Agent and the L/C Issuer for the delivery of Cash Collateral to the Administrative Agent in an amount sufficient to cover all of the L/C Issuer's Fronting Exposure (after giving effect to Section 8.16(a)(iv) and any Cash Collateral provided by the Defaulting Lender). With respect to the circumstances described in clause (B)(1) above, such arrangements shall be a condition to the issuance of such Letter of Credit. With respect to the circumstances described in clause (B)(2) above, such arrangements shall be made no later than five (5) Business Days after written notice to the Borrower from the Administrative Agent or the L/C Issuer that the circumstances in clause (A) and (C) above exist, unless the Borrower (x) has replaced such Defaulting Lender prior to such time in accordance with the terms of this Agreement or (y) caused such Letter of Credit to be terminated or replaced.

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. The Borrower, and to the extent provided by any Defaulting Lender, such Lender, agree that to the extent any Cash Collateral is provided to the Administrative Agent under any of this Section 2.18 or Sections 2.03, 2.11, 6.02 or 8.16, the Borrower or such Lender, as applicable, will at such time grant to (and subject to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuer and the Lenders, a first priority security interest in all such Cash Collateral (including all deposit accounts and all balances therein, all other property so provided as collateral pursuant hereto, and all proceeds of the foregoing) pursuant to a security agreement and a Cash Collateral account control agreement, in each case, to be mutually agreed and entered into between the Borrower, or the Defaulting Lender, as the case may be, and the Administrative Agent, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.18(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the L/C Issuer's Fronting Exposure and other obligations secured thereby, the Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.18 or Sections 2.03, 2.11, 6.02 or 8.16 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which

the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the L/C Issuer's Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 8.06(b)(vi))) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; *provided, however*, (x) that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.17 may be otherwise applied in accordance with Section 6.02), and (y) the Person providing Cash Collateral and the L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

(e) Claims against Defaulting Lenders. No action taken, permitted to be taken or omitted to be taken by the Borrower, the Administrative Agent, the L/C Issuer or any Lender under this Section 2.18 or any of the other terms or provisions of this Agreement shall constitute or be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the L/C Issuer or any other Lender may have against a Defaulting Lender for its failure to comply with any of the terms or provisions of this Agreement.

#### Section 2.19 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may from time to time request an increase in the Total Commitments by an amount (for all such requests) not exceeding \$250,000,000; provided that any such request for an increase shall be in a minimum amount of \$10,000,000. The Borrower may offer such increase to the Lenders and, at their option, to other financial institutions which qualify as Eligible Assignees identified by the Borrower and approved by the Administrative Agent, the Swing Line Lender and the L/C Issuer (which approvals shall not be unreasonably withheld, conditioned or delayed). At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Lender and, as applicable, each Eligible Assignee, is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders and to such Eligible Assignees).

(b) Elections to Increase. Each Lender and, as applicable, each Eligible Assignee, shall notify the Administrative Agent within such time period whether or not it agrees to participate in such increase and, if so, by the amount thereof. Any Lender or Eligible Assignee not responding within such time period shall be deemed to have declined to participate in such requested increase.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Borrower, each Lender and, as applicable, each Eligible Assignee of the Lenders' and such Eligible Assignees' responses to each request made hereunder. Each Eligible Assignee invited to participate in such requested increase, and which agrees to do so, shall become a Lender under this Agreement

pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(d) Effective Date and Allocations. If the Total Commitments are increased in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the “Increase Effective Date”) and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Lenders (including any Eligible Assignee that becomes a Lender pursuant to this Section 2.19) of the final allocation of such increase and the Increase Effective Date. Simultaneously with the Increase Effective Date, (i) the Commitments of each of the Lenders and the outstanding amount of all Advances shall be reallocated to take into account such increase and the final allocation thereof, and the requisite assignments shall be deemed to be made among the Lenders (including any Eligible Assignee that becomes a Lender pursuant to this Section 2.19), with the same force and effect as if such assignments were evidenced by the applicable Assignments and Assumptions but without the payment of any related assignment fee, and no other documents or instruments shall be, or shall be required to be, executed in connection with such assignments (all of which such requirements are hereby waived), and (ii) each assignee Lender shall make full cash settlement with each corresponding assignor Lender, either directly or through the Administrative Agent, as the Administrative Agent may direct or approve, with respect to all such assignments and reallocations.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrower shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender (including any Eligible Assignee that becomes a Lender pursuant to this Section 2.19) ) signed by an authorized signatory of such Loan Party (x) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (y) in the case of the Borrower, certifying that, immediately before and after giving effect to such increase, (A) the representations and warranties contained in Article IV and the other Loan Documents are true and correct in all material respects on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Section 2.19, the representations and warranties contained in Section 4.01(f) shall be deemed to refer to the most recent statements furnished pursuant to Section 5.01(h), and (B) no Default exists or will result from the increase in the Total Commitment.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.16 or 8.01 to the contrary.

### ARTICLE III

#### CONDITIONS TO EFFECTIVENESS AND LENDING

Section 3.01 Conditions Precedent to Effectiveness. This Agreement shall become effective on the date (the “Effective Date”) that the following conditions precedent have been satisfied:

(a) The Borrower shall have paid all fees and expenses of the Administrative Agent, the L/C Issuer and the Lenders payable hereunder and accrued as of the Effective Date (including the accrued fees and expenses of counsel to the Administrative Agent).

(b) On the Effective Date, the following statements shall be true and the Administrative Agent shall have received for the account of each Lender a certificate signed by a duly authorized Director of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct in all material respects on and as of the Effective Date; and

(ii) No event has occurred and is continuing that constitutes a Default.

(c) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Administrative Agent and (except for the Notes) in sufficient copies for each Lender:

(i) Executed counterparts of this Agreement from all parties hereto.

(ii) If requested by a Lender, a Note payable to the order of such Lender, in a principal amount equal to each such Lender's Commitment.

(iii) Certified copies of the resolutions of the Board of Directors (or committee thereof) of the Borrower and the Guarantor approving this Agreement, the Notes and the Guaranty to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with respect to this Agreement, the Notes and each Guaranty.

(iv) A certificate of the Director, Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign the Loan Documents to which it is a party and the other documents to be delivered hereunder.

(v) The Parent Guaranty duly executed by the Parent.

(vi) An opinion of Alston & Bird LLP, counsel for the Loan Parties, in substantially the form of Exhibit E attached hereto.

(vii) An opinion of Linklaters, English counsel for the Borrower, in substantially the form of Exhibit F attached hereto and to such other matters as any Lender through the Administrative Agent may reasonably request.

(viii) An opinion of Appleby (Bermuda) Limited, Bermuda counsel for the Parent, in substantially the form of Exhibit G attached hereto and to such other matters as any Lender through the Administrative Agent may reasonably request.

(ix) An acceptance of the appointment of the Process Agent (as such term is defined in Section 8.12) for each of the Parent and the Borrower.

(x) A certificate signed by the chief financial officer of the Parent certifying the current Debt Ratings.

(d) The Administrative Agent shall have received the Consolidated financial statements of the Parent and its Subsidiaries for the fiscal year ended December 31, 2012 and the fiscal quarter ended September 30, 2013, in form and substance reasonably satisfactory to the Administrative Agent.

Section 3.02 Conditions Precedent to Each Borrowing and Each L/C Credit Extension. The obligation of each Lender to make an Advance on the occasion of each Borrowing and the obligation of the L/C Issuer to make an L/C Credit Extension shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing or date of such L/C Credit Extension the following statements shall be true (and each of the giving of the applicable Notice of Borrowing or Letter of Credit Application and the acceptance by the Borrower of the proceeds of such Borrowing or the issuance of such Letter of Credit, as applicable, shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or the date of such L/C Credit Extension, such statements are true):

(a) the representations and warranties contained in Section 4.01 (excluding, in the case of Borrowings, clauses (g) and (i)(i) of Section 4.01) are correct in all material respects on and as of the date of such date, before and after giving effect to such Borrowing or such Letter of Credit Extension and to the application of the proceeds therefrom, as though made on and as of such date except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date (other than in the case of the representations and warranties made in Section 4.01(d), which shall be correct in all material respects on and as of such date of Borrowing or date of L/C Credit Extension as though made on and as of such date, without regard to any earlier date referenced therein);

(b) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom or such L/C Credit Extension that constitutes a Default; and

(c) the Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Notice of Borrowing or Letter of Credit Application, as applicable, in accordance with the requirements hereof.

Section 3.03 Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the

Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Administrative Agent shall promptly notify the Lenders and the Borrower of the occurrence of the Effective Date.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Parent and the Borrower . Each of the Parent and the Borrower represents and warrants as follows:

(a) Each Loan Party (i) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, (ii) is duly qualified and in good standing in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted except where failure to possess such power or authority is not reasonably likely to have a Material Adverse Effect.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of the Parent as of the Effective Date, showing as of such date (as to each such Subsidiary) the jurisdiction of its incorporation or organization. All of the outstanding capital stock of all such Subsidiaries has been validly issued, is fully paid and non-assessable and, other than directors' qualifying shares, is owned by the Parent or one or more of its Subsidiaries free and clear of all Liens (other than Permitted Liens). The Borrower has no Subsidiaries as of the Effective Date. Each such Subsidiary (i) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, (ii) is duly qualified and in good standing in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted except where failure to possess such power or authority is not reasonably likely to have a Material Adverse Effect.

(c) The execution, delivery and performance by each Loan Party of this Agreement, the Notes and each other Loan Document to which it is or is to be a party, and the incurrence of the obligations provided for herein and therein, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Loan Party's charter or bylaws, (ii) violate any law (including, without limitation, the Exchange Act), rule, regulation (including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party,



any of its Subsidiaries or any of their properties or (iv) except as otherwise provided for under this Agreement, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which is reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or any other third party is required for (i) the due execution, delivery, or performance by any Loan Party of this Agreement, the Notes or any other Loan Document to which it is or is to be a party, or (ii) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents as of Effective Date, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d), all of which have been duly obtained, taken, given or made and are in full force and effect, and reports required to be filed with the SEC as described in Section 5.01(h)(x).

(e) This Agreement has been, and each of the Notes and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each of the Notes and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms except as the same may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations contained herein or therein and as may be limited by equitable principles generally.

(f) The Consolidated balance sheets of the Parent and its Subsidiaries as at December 31, 2012, and the related Consolidated statements of income and Consolidated statement of cash flows of the Parent and its Subsidiaries for the fiscal year then ended, and the Consolidated balance sheets of the Parent and its Subsidiaries as at September 30, 2013, and the related Consolidated statements of income and Consolidated statement of cash flows of the Parent and its Subsidiaries for the three months then ended, duly certified by the chief financial officer of the Parent, copies of which have been furnished to each Lender in accordance with Section 5.01(h) of the Existing Credit Agreement, fairly present, subject, in the case of said balance sheets as at September 30, 2013, and said statements of income and cash flows for the nine months then ended, to year-end audit adjustments, the Consolidated financial condition of the Parent and its Subsidiaries as at such dates and the Consolidated results of the operations of the Parent and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP applied on a consistent basis.

(g) Since December 31, 2012, there has been no Material Adverse Change.

(h) No written information, exhibit or report furnished by any Loan Party to any Agent or any Lender in connection with the negotiation of the Loan Documents or pursuant to the terms of the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made.

(i) There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or, to the knowledge of the Loan Parties, after commercially reasonable diligence, any of its Subsidiaries pending or, to the knowledge of the Loan Parties, after commercially reasonable diligence, threatened before any court, governmental agency or arbitrator that (i) as of the Effective Date would be reasonably likely to have a Material Adverse Effect (other than the matters described on Schedule 4.01(i) hereto (the “ Disclosed Litigation ”)) and there has been no change or other development in the Disclosed Litigation which is reasonably likely to result in a Material Adverse Change, or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note or any other Loan Document or the consummation of the transactions contemplated hereby.

(j) Following application of the proceeds of each Advance, not more than 25 percent of the value of the assets (of the Borrower or of the Parent and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 5.02(a) or 5.02(c) or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of Section 6.01(e) will be margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System). Neither the making of any Advance nor the use of proceeds thereof will violate or be inconsistent with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(k) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan or Multiemployer Plan that has resulted in or is reasonably expected to result in a Material Adverse Effect.

(l) No Plan is “at risk” as defined in Section 430(i)(4) of the Internal Revenue Code.

(m) Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur (i) any liability under Section 4064 or 4069 of ERISA or (ii) any Withdrawal Liability to any Multiemployer Plan that in either event has resulted or would be reasonably likely to result in a Material Adverse Effect.

(n) Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and, to the best knowledge of any Loan Party or any ERISA Affiliate, no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(o) Each Loan Party and each of its Subsidiaries has filed, has caused to be filed or has been included in all tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties, except (i) where failure to file such tax returns or pay such taxes would not reasonably be expected to have a Material Adverse Effect or (ii) for such taxes that are being contested in good faith by appropriate proceedings for which adequate reserves have been provided in accordance with GAAP.

(p) Neither any Loan Party nor any of its Subsidiaries is an “investment company”, or a company “controlled by” an “investment company”, as such terms are defined in the Investment Company Act of 1940, as amended (except that for purposes of this sentence, the term “Subsidiary”

shall not include any "investment company" a majority of which is owned by a Loan Party or one of its Affiliates as a result of the initial seed capital contributed by such Loan Party or such Affiliate to such "investment company" for its shares). Neither the making of any Advances nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the other transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(q) Each Subsidiary of the Parent engaged in advisory or management activities, if any, is duly registered as an investment adviser as and to the extent required under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder. Each Subsidiary of the Parent engaged in the broker-dealer business, if any, is duly registered as a broker-dealer as and to the extent required under the Exchange Act, as amended, and the rules and regulations promulgated thereunder and, as and to the extent required is a member in good standing of the Financial Institutions Regulatory Authority, Inc.

(r) As of the Effective Date, neither the Parent nor any of its Subsidiaries is in default and no waiver of default is in effect with respect to the payment of any principal or interest of any Existing Debt for borrowed money.

(s) Each Loan Party (other than any Loan Party that is a Finance Subsidiary) is, individually and together with its Subsidiaries, Solvent.

(t) Neither the Borrower, nor any of its Subsidiaries, nor, to the knowledge of the Borrower and its Subsidiaries, any director, officer, employee, or affiliate thereof, is an individual or entity that is currently a Sanctioned Person, nor is the Borrower or any Subsidiary located, organized or resident in a Designated Jurisdiction.

## ARTICLE V

### COVENANTS OF THE BORROWER

Section 5.01 Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder or any Letter of Credit or other L/C Obligation shall remain outstanding (except any Letters of Credit or L/C Obligations that remain outstanding after the Commitments have been terminated for which Cash Collateral has been provided), each of the Parent and the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include (to the extent applicable), without limitation, compliance with the Investment Company Act of 1940, Investment Advisers Act of 1940, as amended, ERISA and Environmental Laws, except where the failure to do so would not, and would not be reasonably expected to, have a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all taxes, assessments, claims and

governmental charges or levies imposed upon it or upon its property, except to the extent that any failure to do so would not, and would not be reasonably expected to, have a Material Adverse Effect; *provided, however*, that neither the Parent nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, claim or charge that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Preservation of Corporate Existence, Etc.. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, registrations, privileges and franchises; *provided, however*, the Parent and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b); and *provided further* that (i) no Subsidiary of the Parent other than the Borrower shall be required to maintain its existence and (ii) neither the Parent nor any of its Subsidiaries shall be required to preserve or maintain any legal structure, right, permit, license, approval, registration, privilege or franchise, unless, in any such case with respect to (i) or (ii) above, the failure to do so would, or would be reasonably expected to, (A) have a Material Adverse Effect or (B) release any Loan Party from its obligations under any Loan Document.

(d) Visitation Rights. At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Parent and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Parent and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, all of which shall be at the expense of the Borrower upon and during the continuance of an Event of Default.

(e) Keeping of Books. Keep, and cause each of its Significant Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent and each such Significant Subsidiary in accordance with GAAP or other accounting principles applicable to such Person in effect from time to time.

(f) [Intentionally Omitted]

(g) Use of Proceeds. Use the proceeds of the Advances solely as provided in Section 2.17 and otherwise in accordance with the terms hereof.

(h) Reporting Requirements. Furnish to the Administrative Agent and the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Parent, a copy of the Form 10-Q filed with the Securities and Exchange Commission for such quarter for the Parent and its Subsidiaries, containing a Consolidated balance sheet of the Parent and its Subsidiaries as of the end of such quarter and a Consolidated statement of income and Consolidated cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer or the treasurer of the Parent as having been prepared in

accordance with GAAP and a Compliance Certificate of the chief financial officer or the treasurer of the Parent as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Sections 5.03(a) and (b);

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Parent, a copy of the Form 10-K filed with the Securities and Exchange Commission for such year for the Parent and its Subsidiaries, containing a Consolidated balance sheet of the Parent and its Subsidiaries as of the end of such fiscal year and a Consolidated statement of income and Consolidated cash flows of the Parent and its Subsidiaries for such fiscal year, in each case accompanied by (i) a report and opinion as to such Consolidated financial statements by PricewaterhouseCoopers LLP or other independent public accountants approved by the audit committee of the Parent's board of directors and, if other than Deloitte & Touche LLP, KPMG LLP, or Ernst & Young LLP, reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with applicable audit standards, and which report and opinion shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and (ii) a Compliance Certificate of the chief financial officer or the treasurer of the Parent as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Sections 5.03(a) and (b);

(iii) as soon as possible and in any event within five days after the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer or the treasurer of the Parent setting forth details of such Default and the action that the Parent has taken and proposes to take with respect thereto;

(iv) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Parent or any of its Subsidiaries of the type described in Section 4.01(i);

(v) (A) promptly and in any event within 20 days after any Loan Party or any ERISA Affiliate knows or has reason to know that (1) any ERISA Event has occurred which could result in a material liability of any Loan Party or any ERISA Affiliate, or (2) any Loan Party or any ERISA Affiliate has incurred or is reasonably expected to incur a material liability under Section 4064 or 4069 of ERISA, a statement of a director of the Borrower describing such ERISA Event and the circumstances giving rise to, and the amount of such liability and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (B) within two Business Days of the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information;

(vi) promptly and in any event within two Business Days after receipt thereof by any Loan Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Plan or Multiemployer Plan or to have a trustee appointed to administer any Plan or Multiemployer Plan;

(vii) promptly upon request from the Administrative Agent or any Lender, copies of each Schedule SB (Single Employer Defined Benefit Plan Actuarial Information) to the annual report (Form 5500 Series) required to be filed with respect to each Plan whose funding target attainment percentage (as defined in Section 430(d) of the Code) is less than 100%;

(viii) promptly and in any event within 20 days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition on any Loan Party or any ERISA Affiliate of Withdrawal Liability in a material amount by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by any Loan Party or any ERISA Affiliate in connection with any event described in clause (A) or (B);

(ix) [Intentionally Omitted]

(x) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Parent, and copies of all annual, regular, periodic and special reports and registration statements which the Parent may file or be required to file with the SEC under Section 13 or 15(d) of the Exchange Act, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(xi) promptly, of any announcement by Moody's or S&P of any change in a Debt Rating or outlook; and

(xii) such other information respecting the Parent or any of its Subsidiaries as the Administrative Agent or any Lender acting through the Administrative Agent may from time to time reasonably request.

Documents required to be delivered pursuant to Section 5.01(h)(i) or (ii) may be delivered electronically by e-mailing such information to an e-mail address of the Administrative Agent as specified to the Borrower by the Administrative Agent from time to time. The Administrative Agent shall promptly post such documents on the Borrower's behalf onto the Platform. Such information shall be deemed to have been delivered to the Lenders on the date such documents are posted to the Platform. In addition, such documents may be delivered by posting the documents on the Parent's website on the Internet, and if so delivered, shall be deemed to have been delivered on the date on which the Parent posts such documents, or provides a link thereto on the Parent's website on the Internet at the website address listed on Schedule 8.02; *provided* that the Parent shall notify the Administrative Agent (by facsimile or electronic mail) of the posting of any such documents and, if requested by the Administrative Agent, provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide copies of the Compliance Certificate required by Section 5.01(h)(i) and (ii) to the Administrative Agent by facsimile or electronic mail. Except for such Compliance Certificate, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in

any event shall have no responsibility to monitor compliance by the Parent with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Parent and the Borrower hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the L/C Issuer information provided by or on behalf of the Parent and/or the Borrower hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks or another similar electronic system (the “Platform”) and (b) certain of the Lenders may be “public-side” Lenders ( *i.e.*, Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a “Public Lender”). Each of the Parent and the Borrower hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC”, the Parent and the Borrower shall be deemed to have authorized the Administrative Agent, each Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Parent and the Borrower or its securities for purposes of United States Federal and state securities laws ( *provided, however* , that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 8.07); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor”; and (z) the Administrative Agent and each Arranger shall be entitled to treat the Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

Section 5.02 Negative Covenants . So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder or any Letter of Credit or other L/C Obligation shall remain outstanding (except for any Letters of Credit or L/C Obligations that remain outstanding after the Commitments have been terminated for which Cash Collateral has been provided), neither the Parent nor the Borrower will at any time:

(c) Liens, Etc. . Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, *excluding , however* , from the operation of the foregoing restrictions the following:

- (i) Permitted Liens;
- (ii) Liens granted pursuant to any Loan Document;
- (iii) Liens on deposit accounts of the Parent and its Subsidiaries in respect of their cash pooling operations;
- (iv) purchase money Liens upon or in real property or equipment acquired or held by the Parent or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the

purpose of financing the acquisition of any such property or equipment, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property); *provided, however*, that no such Lien shall extend to or cover any properties of any character other than the property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced; and *provided further* that the aggregate principal amount of the Debt secured by Liens permitted by this clause (iv) and clause (v) below shall not exceed \$100,000,000 at any time outstanding;

(v) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Parent or any Subsidiary of the Parent or becomes a Subsidiary of the Parent; *provided* that such Liens were not created in contemplation of such merger, consolidation or investment and do not extend to any assets other than those of the Person merged into or consolidated with the Parent or such Subsidiary or acquired by the Parent or such Subsidiary; *provided, further*, that the aggregate principal amount of the Debt secured by Liens permitted by this clause (v) and clause (iv) above shall not exceed \$100,000,000 at any time outstanding;

(vi) Liens arising pursuant to one or more securitization programs permitted pursuant to Section 5.02(c)(ii);

(vii) the replacement, extension or renewal of any Lien permitted by clauses (iv) and (v) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or addition of any direct or contingent obligor) of the Debt secured thereby;

(viii) Liens existing as of the Effective Date as described on Schedule 5.02(a);

(ix) Liens which are floating charges under English law in the form of an "industry standard" granted by Invesco Perpetual Life Limited (" IPLL ") on its revolving business assets (without attaching to any particular asset until the floating charge crystallises on insolvency events which will result in steps being taken to make payment of a dividend to creditors or where the reinsurance creditor reasonably considers this may happen) to reinsurance creditors to support the obligations of IPLLL thereto under reinsurance contracts and limited in the amount secured to the amount which would have been recoverable had the secured amount been an unsecured debt owed to a direct policy holder of IPLLL;

(x) Liens to secure Subsidiary Non-Recourse Debt, *provided* that no such Lien shall extend to or cover any properties or assets other than the property or assets being acquired with such Subsidiary Non-Recourse Debt and proceeds thereof;

(xi) Liens on assets sold and leased back pursuant to sale and leaseback transactions permitted by Section 5.02(c)(vii);

(xii) Liens securing Permitted Unit Investment Trust Debt;



(xiii) Liens consisting of statutory, common law or contractual setoff rights provided by the Parent and its Subsidiaries in the ordinary course of business; and

(xiv) Liens not otherwise permitted by this Section 5.02(a) on assets of the Parent and its Subsidiaries securing Debt or other obligations in the aggregate principal amount not to exceed \$10,000,000 at any time outstanding.

(b) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that

(i) Parent or any Subsidiary of the Parent may merge or consolidate with any other Subsidiary of the Parent;

(ii) any Subsidiary of the Parent may merge with any other Person , *provided* that such merger does not result in the loss by the Parent in any fiscal year of business operations or assets which, when aggregated with all other such mergers and all dispositions of assets permitted by Section 5.02(c)(iii) (taking into account the proviso in such Section 5.02(c)(iii) ) for such fiscal year, generated more than twenty percent (20%) of the Consolidated operating income of the Parent during the immediately preceding fiscal year of the Parent;

*provided , however ,* that in each case, immediately after giving effect thereto, (A) no event shall occur and be continuing that constitutes a Default, (B) if the Borrower is party to such merger or consolidation, then the Borrower is the surviving corporation or company, as the case may be; and (C) in the case of any merger or consolidation to which the Parent is a party, then the Parent is the surviving company; and *provided further*, that in each case, the representations and warranties contained in Section 4.01(a) with respect to the Borrower shall at all times be true and correct in all respects (except with respect to the good standing of the Borrower, which shall be true and correct in all material respects).

(c) Sales, Etc. of Assets . Sell, lease (as lessor), transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease (as lessor), transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except:

(i) in a transaction authorized by subsection (b) of this Section;

(ii) the sale or other disposition to a third-party investor by the Parent or any of its Subsidiaries of its rights to receive distribution fees and contingent deferred sales charges pursuant to a securitization program;

(iii) the Parent and its Subsidiaries may, during any fiscal year of the Parent (the "Test Year"), sell, lease, transfer or otherwise dispose of assets (including equity securities owned by such Persons) which, when aggregated with all other such dispositions and all mergers permitted by Section 5.02(b)(ii) (where such merger resulted in the loss by the Parent or a Subsidiary, as applicable, of business operations or assets) for such Test Year, generated up to, but not exceeding, twenty percent (20%) of the Consolidated operating income of the Parent during the immediately preceding fiscal year of the Parent; *provided ,*

that any determination of compliance with this clause (iii) shall take into account contributions to Consolidated operating income as measured on a pro forma basis for such immediately preceding fiscal year resulting from any acquisition by the Parent or its Subsidiaries of operating assets (or acquisition of equity securities of any Person holding such assets) that occurred during such Test Year or that is anticipated to occur within the twelve (12) month period immediately following the date on which the Parent or its Subsidiary, as applicable, shall have entered into a definitive agreement for such acquisition if such definitive agreement is entered into during such Test Year.

(iv) any Subsidiary of the Parent (other than the Borrower) may sell, lease, transfer or otherwise dispose of up to (and including) all or substantially all of its assets to the Parent or any other Subsidiary of the Parent;

(v) sales or other dispositions of obsolete equipment and furniture;

(vi) sales of assets pursuant to sale and leaseback transactions; and

(vii) the sale, transfer or other disposition of cash, cash equivalents and securities in the ordinary course of business.

(d) Change in Nature of Business. Make, or permit any of its Significant Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof; *provided*, however, that nothing contained herein shall restrict or limit such Persons from engaging in any business (including by way of investment or acquisition) that is reasonably related, complimentary or ancillary to the businesses of the Parent and its Subsidiaries carried on as of the date hereof.

(e) Accounting Changes. Make or permit, or permit any of its Significant Subsidiaries to make or permit, any material change in accounting policies or reporting practices, except (i) as required by Securities Laws, the SEC or GAAP applicable to the Parent or such Significant Subsidiary, (ii) with respect to any Significant Subsidiary, to adopt GAAP, or (iii) any change by a Significant Subsidiary to International Financial Reporting Standards as may be required by applicable regulatory authorities.

(f) Transactions with Affiliates. Conduct, or permit any of its Subsidiaries to conduct, transactions material to business of the Parent, the Borrower or such Subsidiary with any of their Affiliates except in the ordinary course of business of and pursuant to the reasonable requirements of the Parent's, the Borrower's or such Subsidiary's business and upon fair and reasonable terms that are not materially less favorable to the Parent, the Borrower or such Subsidiary, as the case may be, than those which would be obtained in a comparable arm's-length transaction with a Person not an Affiliate; *provided* that the foregoing restrictions shall not apply to:

(i) any transaction (A) between or among the Parent and its Subsidiaries not involving any other Affiliates, (B) with any Special Purpose Subsidiary, and (C) between the Parent or any of its Subsidiaries and their respective employees to make loans to such employees for purposes of exercising stock options of such employees and paying tax

liabilities of such employees associated therewith, *provided* that the total of all such loans shall not exceed \$25,000,000 in an aggregate principal amount at any one time outstanding;

(ii) any transaction between or among (A) the Parent or any Subsidiary and (B) any Person sponsored by the Parent or any Subsidiary or for which the Parent or any Subsidiary provides advisory, administrative, supervisory, management, consulting, underwriting or similar services, *provided* that such transaction is not prohibited under the Investment Company Act of 1940, the Investment Advisers Act of 1940 or other applicable law, rule, regulation or order; and

(iii) any transaction with an Affiliate so long as such transaction is approved by a majority of the Disinterested Directors of the Parent or the applicable Subsidiary who is entering into such transaction with such Affiliate.

(g) Subsidiary Debt. Permit its Subsidiaries, other than (1) the Borrower and (2) any Finance Subsidiary (subject to the last sentence of this subsection (g)), collectively to create, incur, assume or suffer to exist any Adjusted Debt in excess of \$300,000,000 in aggregate principal amount at any one time outstanding; *provided, however*, that the foregoing restriction shall not apply to any (i) Adjusted Debt of a Subsidiary (including any Person that will be or become a Subsidiary) of the Parent (including any refinancings, amendments or extensions of such Adjusted Debt that do not increase, or provide for the increase of, the aggregate principal amount of such Adjusted Debt) that is assumed in connection with (but not established in contemplation of) (A) a transaction that is permitted pursuant to Section 5.02(b) or (B) the purchase or acquisition of all of the capital stock of, or all or substantially all of the assets of, another Person, (ii) Subsidiary Non-Recourse Debt, (iii) letters of credit entered into pursuant to and in accordance with regulatory requirements in the ordinary course of such Subsidiary's unit investment trust business, (iv) Permitted Unit Investment Trust Debt to the extent that any such Debt (A) is not outstanding for longer than 5 consecutive Business Days, and (B) so long as such Debt is outstanding, it is supported by readily marketable securities that are in an amount sufficient to repay such Debt and accrued interest thereon and fees associated therewith and that are held in trust or otherwise set aside for the repayment of such Permitted Unit Investment Trust Debt, or if there is an insufficiency in such amount, the amount of such insufficiency shall be otherwise permitted under this Section 5.02(g), and (v) guarantee by a Subsidiary of any Debt qualifying under clauses (i) through (iv) of this Section 5.02(g). For the avoidance of doubt, "Adjusted Debt" shall exclude (x) Debt of any Subsidiary owing to the Parent or any other Subsidiary and (y) Debt of the Parent owing to any Subsidiary. With respect to any Non-Loan Party Finco, such Non-Loan Party Finco shall only be excluded from the foregoing restrictions so long as such Non-Loan Party Finco remains a Finance Subsidiary; *provided* that, in the event a Non-Loan Party Finco shall make any loan or other advance (a "Finco Loan") to any Subsidiary of the Parent that is not a Loan Party (such Subsidiary, a "Finco Loan Recipient"), such Finco Loan shall be subject to an intercreditor agreement among all Finco Loan Recipients effectively providing for *pari passu* treatment with respect to the Obligations and the Debt of each Non-Loan Party Finco, such intercreditor agreement to be in form and substance reasonably satisfactory to the Administrative Agent. So long as doing so would not result in a Non-Loan Party Finco ceasing to be or qualify as a Finance Subsidiary, each Non-Loan Party Finco that makes a Finco Loan to a Finco Loan Recipient shall provide an acknowledgment and consent to such

intercreditor agreement (and in the event such acknowledgment and consent would result in a Non-Loan Party Finco ceasing to be or qualify as a Finance Subsidiary, the Parent shall instead provide an acknowledgment and consent to such intercreditor agreement for itself and on behalf of its Subsidiaries).

(h) Sanctions. Directly or indirectly, use the proceeds of any extension of credit hereunder, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual or entity that, at the time of such funding, is a Sanctioned Person or in any Designated Jurisdiction.

Section 5.03 Financial Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder or any Letter of Credit or other L/C Obligation shall remain outstanding, the Parent will:

(a) Debt/EBITDA Ratio. Maintain at the end of each fiscal quarter of the Parent a Debt/EBITDA Ratio not greater than 3.25 to 1.00.

(b) Coverage Ratio. Maintain at the end of each fiscal quarter of the Parent a ratio of EBITDA (excluding for purpose of this calculation of EBITDA only that portion of EBITDA attributable to the net income, expenses, losses, charges and gains of each Special Purpose Subsidiary) for the four consecutive fiscal quarters of the Parent ended on or immediately prior to the date of determination to interest payable on, and amortization of debt discount in respect of, Adjusted Debt (excluding from Adjusted Debt for purposes of this Section 5.03(b) (i) Subsidiary Non-Recourse Debt and (ii) so long as the Parent and its Subsidiaries own 100% of the Office Equipment Sale and Leaseback Bonds, liabilities with respect to the Office Equipment Sale and Leaseback Lease, in each case to the extent otherwise included in Adjusted Debt) for such period, of not less than 4.00 to 1.00.

## ARTICLE VI

### EVENTS OF DEFAULT

Section 6.01 Events of Default. If any of the following events (“Events of Default”) shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance or any L/C Obligation when the same becomes due and payable; the Borrower shall fail to provide any Cash Collateral required by Section 2.03(a)(ii)(B) on or prior to the Letter of Credit Expiration Date; or the Borrower shall fail to pay any interest on any Advance or any L/C Obligation or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Loan Party under any Loan Document or by the Parent or the Borrower (or any of its respective officers) in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) (i) The Parent or the Borrower shall fail to perform or observe any term, covenant or agreement contained in Sections 5.01(c), (d) or (h), 5.02 or 5.03, or (ii) the Parent or the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(d) The Parent or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$75,000,000 (or the equivalent thereof in any other currencies) in the aggregate (but excluding Debt outstanding hereunder) of the Parent or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Parent or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Parent or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 45 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Parent or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$75,000,000 (or the equivalent thereof in any other currencies) shall be rendered against the Parent or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; *provided, however*, that any such judgment or order shall not be an Event of Default under this Section 6.01(f) if and for so long as (i) the amount of such judgment or order in excess of \$75,000,000 (or the equivalent thereof in any other currencies) is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such

insurer, which shall be rated at least “A” by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such excess amount; or

(g) Any non-monetary judgment or order shall be rendered against the Parent or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Exchange Act), directly or indirectly, of Voting Stock of the Parent (or other securities convertible into such Voting Stock) representing 33% or more of the combined voting power of all Voting Stock of the Parent; or (ii) during the period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Parent cease to be composed of individuals (A) who were members of that board or equivalent governing body on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved (including approval solely for purposes of satisfying this provision) by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (C) whose election or nomination to that board or other equivalent governing body was approved (including approval solely for purposes of satisfying this provision) by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or

(i) Any ERISA Event shall have occurred with respect to a Plan, or any Loan Party or any ERISA Affiliate shall have incurred or be reasonably expected to incur liability under Section 4064 or 4069 of ERISA, and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Loan Parties and the ERISA Affiliates incurred or expected to be incurred with respect to Section 4064 or 4069 of ERISA or related to such ERISA Event) exceeds \$37,500,000; or

(j) Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Loan Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$37,500,000 or requires payments exceeding \$7,500,000 per annum; or

(k) Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$37,500,000;

(l) Any Governmental Authority or regulatory body shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which prohibits, enjoins or otherwise restricts the Parent or any of its Subsidiaries in a manner that has a Material Adverse Effect; or

(m) Any material provision of the Guaranty shall for any reason cease to be valid and binding on the Parent (other than by termination of the Guaranty) or the Parent shall so state in writing, but in either case, only if such event could reasonably be expected to have a Material Adverse Effect;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon the same shall forthwith terminate, (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances and the Notes, all the L/C Borrowings, all interest thereon and all other amounts payable under this Agreement and the Notes to be forthwith due and payable and pursue all rights under any Guaranty, whereupon the Advances and the Notes, all the L/C Borrowings, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower and (iii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, require that the Borrower Cash Collateralize the outstanding Letters of Credit (in an amount equal to 100% of the then Outstanding Amount thereof); *provided, however*, that in the event of an actual or deemed entry of an order for relief with respect to the Parent or any Significant Subsidiary under the bankruptcy code of the United States, or any other liquidation, conservatorship, bankruptcy, reorganization or other similar debtor relief laws of the United States, the United Kingdom or Bermuda, (A) the obligation of each Lender to make Advances and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically be terminated, (B) the Notes, all such interest and all such amounts (including without limitation all L/C Borrowings) shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower and (C) the obligation of the Borrower to Cash Collateralize the outstanding Letters of Credit as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

Section 6.02 Application of Funds. After the exercise of remedies provided for in Section 6.01 (or after the Notes and the L/C Borrowings have automatically become immediately due and payable and the outstanding Letters of Credit have automatically been required to be Cash Collateralized as set forth in Section 6.01), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.18 and 8.16, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative

Agent and amounts payable under Article II) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuer and amounts payable under Article II), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on any L/C Borrowings (which have not been funded by L/C Advances) payable only to the L/C Issuer, and interest on any Swing Line Loans payable only to the Swing Line Lender, ratably among the L/C Issuer and the Swing Line Lender in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of any L/C Borrowings (which have not been funded by L/C Advances) payable only to the L/C Issuer, and principal of Swing Line Loans payable only to the Swing Line Lender; ratably among the L/C Issuer and the Swing Line Lender in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees, interest on any of the Advances (other than Swing Line Loans) and L/C Advances, payable to the Lenders, ratably among them in proportion to the respective amounts described in this clause Fifth held by them;

Sixth, to payment of that portion of the Obligations constituting unpaid principal on any of the Advances (other than Swing Line Loans) and L/C Advances, ratably among the Lenders in proportion to the respective amounts described in this clause Sixth held by them;

Seventh, to the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of the L/C Obligations comprised of 100% of the aggregate undrawn amount of outstanding Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Sections 2.03 or 2.18.

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by law.

Subject to Sections 2.03(c) and 2.18, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Seventh above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.



## ARTICLE VII

### ADMINISTRATIVE AGENT

Section 7.01 Appointment and Authority. Each of the Lenders and the L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuer, and no Loan Party shall have rights as a third party beneficiary of any of such provisions.

Section 7.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Parent, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 7.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent, the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 6.01 and 8.01) or (ii) in the absence of

its own gross negligence or willful misconduct, *provided*, such limitation of liability of the Administrative Agent shall not prohibit or limit any cause of action the Borrower may otherwise have against any Lender. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower, a Lender or the L/C Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 7.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) reasonably believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and reasonably believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Advance or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Parent or the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in good faith in accordance with the advice of any such counsel, accountants or experts.

Section 7.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 7.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuer and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with

the Borrower so long as no Event of Default has occurred and is continuing, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section; *provided*, such Lenders so acting directly shall be and be deemed to be protected by all indemnities and other provisions herein for the benefit and protection of the Administrative Agent as if each such Lender were itself the Administrative Agent. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 8.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as L/C Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender; (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of its respective duties and obligations hereunder or under the other Loan Documents; and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

Section 7.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties

and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 7.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Arrangers, Syndication Agent or Co-Documentation Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the L/C Issuer.

Section 7.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Advance or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Advances, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel, and all other amounts, due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.03(h) and (i), 2.05 and 8.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.05 and 8.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting any amount owing by a Loan Party to a Lender or the Administrative Agent or the rights of any Lender or the L/C Issuer or to authorize the Administrative Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no such amendment, waiver or consent shall:

- (a) waive any condition set forth in Section 3.01 without the written consent of each Lender;
- (b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated), increase any Lenders pro rata share requirement to fund any Advance or participate in any Swing Line Loan or Letter of Credit (other than as set forth in Section 8.16), or require any Lender to make Advances or participate in Letters of Credit in any currency other than Dollars or Sterling, in each case, without the written consent of such Lender;
- (c) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;
- (d) reduce the principal of, or the rate of interest specified herein on any Advance or L/C Borrowing, or (subject to clause (iii) of the last proviso to this Section 8.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; *provided, however*, that only the consent of the Required Lenders shall be necessary to amend Section 2.08(b) or to waive any obligation of the Borrower to pay Letter of Credit Fees at rate equal to the Applicable Margin for Eurodollar Rate Advances plus 2% per annum;
- (e) change Section 2.16 or Section 6.02 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;
- (f) change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender;
- (g) except in connection with permitted mergers under Section 5.02(b), permitted asset sales under Section 5.02(c) and other transactions permitted hereunder, release the Parent from the Guaranty without the written consent of each Lender ; or

(h) change Section 2.03(a)(ii) or change Section 2.03(b)(iii) in a manner that would (1) allow a Letter of Credit to have an expiry date more than twelve (12) months after the date of issuance or last extension, (2) change the conditions for the issuance or extension of a Letter of Credit having an expiry date later than the Letter of Credit Expiration Date, or (3) allow any Auto-Extension Letter of Credit to have an expiry date more than twelve months past the Letter of Credit Expiration Date, in each case, without the consent of each Lender;

and, *provided further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders may be effected with the consent of all Lenders other than Defaulting Lenders), except that (i) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (ii) any waiver, amendment or other modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

#### Section 8.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Parent, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, telecopier number, electronic mail address(es) or telephone number specified for such Person on Schedule 8.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address(es) or telephone number specified for such Lender's Domestic Lending Office on Schedule I.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient).

Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder, except for any notice of service of process under Section 8.12 or otherwise which shall be given in writing only as provided by applicable law, may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Parent, the Borrower, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Parent's, the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided, however*, that in no event shall any Agent Party have any liability to the Borrower, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. . Each of the Borrower, the Parent, the Administrative Agent, the L/C Issuer and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Parent, the Administrative Agent, the L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. . The Administrative Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic Notices of Borrowing and Swing Line Loan Notices) that the Administrative Agent or such Lender reasonably believes has been given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice that the Administrative Agent, such Lender or such Related Party reasonably believes has been given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 8.03 No Waiver; Remedies. . No failure on the part of any Lender, the L/C Issuer or the Administrative Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 8.04 Expenses; Indemnity; Damage Waiver. .

(a) Costs and Expenses. . The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated); (ii) all reasonable out of pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out of pocket expenses incurred by the Administrative Agent, any Lender or the L/C Issuer (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the L/C Issuer), in



connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Advances made or the Notes or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Advances or Notes or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower agrees to indemnify and hold harmless the Administrative Agent (and each sub-agent thereof), each Lender and the L/C Issuer, each of their respective Affiliates, and each Related Party of any of the foregoing Persons (each, an “Indemnified Party”) from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees, charges, disbursements and expenses of counsel for any Indemnified Party) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) the Notes, this Agreement, any other Loan Document, any of the transactions contemplated herein or therein (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), the actual or proposed use of the proceeds of the Advances, or, in the case of the Administrative Agent (and any such sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents except to the extent such claim, damage, loss, liability or expense resulted from such Indemnified Party’s gross negligence or willful misconduct as finally determined in a nonappealable judgment by a court of competent jurisdiction. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower or any other Loan Party, its respective directors, shareholders or creditors or an Indemnified Party or any other Person and regardless of whether any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. This Section 8.04(b) shall not apply with respect to Taxes other than any Taxes that represent claims, damages, losses, liabilities, expenses, etc. arising from any non-Tax claim.

(c) Other Costs. If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance is made (i) by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.09(d), 2.11 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or (ii) by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.06 as a result of a demand by the Borrower pursuant to Section 8.11, or (iii) as part of a re-allocation of the Commitments of the Lenders as a result of an increase in Commitments pursuant to Section 2.19, then the Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation

or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance, less the return such Lender reasonably expects to receive on its redeployment of funds.

(d) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Issuer or any Related Party thereof, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought and without regard to the last sentence in the definition of Pro Rata Share Percentage) of such unpaid amount, *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the L/C Issuer in its capacity as such, or against any Related Party thereof acting for the Administrative Agent (or any such sub-agent) or the L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (d) are subject to the provisions of Section 2.02(e).

(e) Waiver of Consequential Damages, Etc.. To the fullest extent permitted by applicable law, no Loan Party shall assert, and each hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance or Letter of Credit or the use of the proceeds thereof. No Indemnified Party referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby except as a result of such Indemnified Party's gross negligence or willful misconduct.

(f) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(g) Survival. Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section and Sections 2.12 and 2.15 herein shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Total Commitment and the repayment, satisfaction or discharge of all the other Obligations.

Section 8.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer or the Note held by such Lender, whether or not such Lender or the L/C Issuer shall have

made any demand under this Agreement, any other Loan Document or such Note and although such obligations may be unmaturing; *provided*, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 8.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender agrees promptly to notify the Borrower after any such set-off and application, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender, the L/C Issuer and their respective Affiliates may have.

Section 8.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, the L/C Issuer and each Lender (except by operation of law or to the extent permitted hereunder) and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, and (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts. (A) In the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Advances and the L/C Advances at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; (B) and in any case not described in subsection b(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject

to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if “Trade Date” is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$10,000,000 and increments of \$1,000,000 in excess thereof unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided, however* , that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts . Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement with respect to the Advances and the L/C Advances or the Commitment assigned, except that this clause (ii) shall not apply to rights of the Swing Line Lender in respect of Swing Line Loans;

(iii) Required Consents . No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund;

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption . The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; *provided, however*, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The Eligible Assignee, if it is not a Lender,

shall deliver to the Administrative Agent an administrative questionnaire and the Administrative Agent shall further deliver such administrative questionnaire to the Borrower.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower, the Parent or any of the Borrower's or Parent's Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person which, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment by such Lender shall be effective unless and until, in addition to the other conditions thereto set forth herein, the applicable assignor or assignee shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Advances and participations in Letters of Credit and Swing Line Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement with respect to the interest assigned and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement in addition to any rights and obligations it may theretofore have as a Lender, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.12, 2.15, and 8.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances and L/C Advances owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register the designation, and revocation of designation, of any Lender as a Defaulting Lender of which it has received notice. The Register shall be available for inspection by the Borrower and the Lenders at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations.

(i) Any Lender may at any time, without the consent of, or notice to, the Borrower, the Administrative Agent, the L/C Issuer or the Swing Line Lender, sell participations to any Person (other than a natural person, a Defaulting Lender, the Parent, the Borrower or any of the Parent's or the Borrower's respective Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances (including such Lender's participations L/C Obligations and/or Swing Line Loans) owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the L/C Issuer, the Swing Line Lender and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 8.04(d) without regard to the existence of any participation.

(ii) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 8.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.15 and 8.04 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.05 as though it were a Lender, *provided* such Participant agrees to be subject to Section 2.16 as though it were a Lender.

(iii) Each Lender that sells a participation shall, acting solely for this purpose as a nonfiduciary agent of the Borrower, maintain a register on which it enters the name and

address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1 (c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitation upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 2.12 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.15 as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note(s), if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Advances pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as L/C Issuer and/or (ii) upon 30 days' notice to the Borrower and the Lenders, resign as Swing Line Lender. In the event of any such resignation, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing

Line Lender hereunder; *provided, however*, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Advances or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Advances or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor and acceptance of such appointment by the successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

Section 8.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the L/C Issuer and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it or its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.19(c) or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction or any credit insurance provider, in each case, relating to the Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or any other Subsidiary of the Parent or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder (h) with the consent of the Parent or the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section actually known to or caused by the disclosing party or (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Parent or the Borrower.



For purposes of this Section, “ Information ” means all information received from the Parent, the Borrower or any other Subsidiary of the Parent relating to the Parent, the Borrower or any such Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, the L/C Issuer or any Lender on a nonconfidential basis prior to disclosure by the Parent, the Borrower or any such Subsidiary, *provided* that, in the case of information received from the Parent, the Borrower or any such Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the L/C Issuer and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Parent, the Borrower or a Subsidiary of either thereof, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including Federal and state securities laws with respect to Lenders subject to such laws and only to the extent such laws are applicable to such Lender.

Section 8.08 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 8.09 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.10 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent, the L/C Issuer and each Lender, regardless of any investigation made by the Administrative Agent, the L/C Issuer or any Lender or on their behalf and notwithstanding that the Administrative Agent, the L/C Issuer or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, any Advance or any L/C Credit Extension, and shall continue in full force and effect as long as any Advance or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit or L/C Obligation shall remain outstanding.

Section 8.11 Replacement of Lenders. (i) If any Lender requests compensation under Section 2.12, (ii) if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, (iii) if any Lender is, or within fifteen (15) Business Days of such assignment or delegation was, a Defaulting Lender, (iv) if any Lender is unable to make Eurocurrency Rate Advances pursuant to Section 2.13, or (v)

if any Lender shall fail to provide any consent, or consent to any waiver or amendment, agreed to by the Required Lenders then the Borrower may, at its sole expense and effort, upon written notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 8.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), *provided that*:

(a) the Borrower shall have paid (or cause to be paid) to the Administrative Agent the assignment fee specified in Section 8.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 8.04(c)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable laws;

(e) no Default or Event of Default shall have occurred and be continuing; and

(f) such parties to the assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption and the assignee shall deliver to the Administrative Agent an administrative questionnaire.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

#### Section 8.12 Jurisdiction, Etc.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the Parent and the Borrower hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon the Parent and the Borrower c/o Invesco Group Services, Inc. at its offices at 1555 Peachtree Street N.E., Atlanta, Georgia 30309, Attention: General Counsel

(the “ Process Agent ”), and hereby further agrees that the failure of the Process Agent to give any notice of any such service to the Parent or the Borrower, as applicable, shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) To the extent that either the Parent or the Borrower has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each of the Parent and the Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Documents.

#### Section 8.13 Judgment .

(a) Rate of Exchange . If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under the Notes in another currency into Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase such other currency with Dollars in New York City, New York, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

(b) Indemnity . The obligation of the Borrower in respect of any sum due from it to the Administrative Agent or any Lender hereunder or under any Note shall, notwithstanding any judgment in a currency other than Dollars, be discharged only to the extent that on the Business Day next succeeding receipt by the Administrative Agent or such Lender of any sum adjudged to be so due in such other currency, the Administrative Agent or such Lender, as the case may be, may, in accordance with normal banking procedures, purchase Dollars with such other currency. If the Dollars so purchased are less than the sum originally due to the Administrative Agent or such Lender in Dollars, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender against such loss, and if the Dollars so purchased exceed the sum originally due to any the Administrative Agent or any Lender in Dollars, the Administrative Agent or such Lender agrees to remit to the Borrower such excess.

Section 8.14 Waiver of Jury Trial . EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT

MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 8.15 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower and the Parent that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

Section 8.16 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender as provided in Section 8.16(b), to the extent permitted by applicable law:

(i) Waivers and Amendments. That Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 8.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 8.05), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the L/C Issuer or Swing Line Lender hereunder; *third*, to Cash Collateralize the L/C Issuer’s Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.18; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Advance or L/C Advance in respect of which that Defaulting Lender has failed to fund its portion

thereof as required by this Agreement, as determined by the Administrative Agent; *fifth* , if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Advances under this Agreement; *sixth* , to the payment of any amounts owing to the Lenders, the L/C Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh* , so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth* , to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Advances or L/C Borrowings in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Advances or L/C Borrowings were made at a time when the conditions set forth in Section 3.02 were satisfied or waived, such payment shall be applied solely to pay the Advances of, and L/C Borrowings owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of, or L/C Borrowings owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 8.16(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees . That Defaulting Lender (A) shall not be entitled to receive any facility fee pursuant to Section 2.05(a) except to the extent allocable to the sum of (1) the Outstanding Amount of Advances and L/C Advances funded by it and (2) its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.03, Section 2.18 , or Section 8.16(a)(ii) , as applicable, and (B) shall be limited in its right to receive Letter of Credit Fees as provided in Section 2.03(h) . In the event that any such Defaulting Lender's participation obligation has not been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, the Borrower shall (x) be required to pay to each of the L/C Issuer and the Swing Line Lender, as applicable, the amount of such fee allocable to its Fronting Exposure arising from that Defaulting Lender and (y) not be required to pay the remaining amount of such fee that otherwise would have been required to have been paid to that Defaulting Lender.

(iv) Reallocation of Pro Rata Share Percentages to Reduce Fronting Exposure . During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swing Line Loans pursuant to Sections 2.03 and 2.04 , the "Pro Rata Share Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Commitment of that Defaulting Lender; *provided*, that, (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists; and (ii) the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of

Credit and Swing Line Loans shall not exceed the positive difference, if any, of (1) the Commitment of that non-Defaulting Lender minus (2) the aggregate Outstanding Amount of the Advances and L/C Advances of that Lender. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Line Loans . If the reallocation described in clause (a)(iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' Fronting Exposure and (y) second, Cash Collateralize the L/C Issuer's Fronting Exposure in accordance with the procedures set forth in Section 2.18 .

(b) Defaulting Lender Cure . If the Borrower, the Administrative Agent, Swing Line Lender and the L/C Issuer agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Share Percentage (without giving effect to Section 8.16(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

The Administrative Agent, the L/C Issuer or the Swing Line Lender will promptly notify the Borrower at the time the Administrative Agent, the L/C Issuer or the Swing Line Lender determines or is otherwise informed of the existence of a Defaulting Lender.

Section 8.17 No Advisory or Fiduciary Relationship . In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lenders and the Arrangers are arm's-length commercial transactions between the Parent, the Borrower and their respective Affiliates, on the one hand, and the Administrative Agent, the Lenders and the Arrangers, on the other hand, (B) each of the Parent and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Parent and the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions

of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent, the Lenders and each Arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any of the Loan Parties or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor any Lender or Arranger has any obligation to any of the Loan Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, each Lender and each Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and neither the Administrative Agent nor any Lender or Arranger has any obligation to disclose any of such interests to any of the Loan Parties or any of their respective Affiliates. To the fullest extent permitted by law, each Loan Party hereby waives and releases any claims that it may have against the Administrative Agent or any Lender or any Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 8.18 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the “Maximum Rate”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Advances or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 8.19 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 8.19, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by the bankruptcy code of the United States or any comparable bankruptcy, insolvency, receivership, reorganization or other debtor relief laws, as determined in good faith by the Administrative Agent, the L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or other representatives thereunto duly authorized, as of the date first above written.

**BORROWER :**

**INVESCO FINANCE PLC**

By: /s/ Loren M. Starr

Name: Loren M. Starr

Title: Director

**PARENT :**

**INVESCO LTD.**

By: /s/ Loren M. Starr

Name: Loren M. Starr

Title: Senior Managing Director and Chief  
Financial Officer



**ADMINISTRATIVE AGENT :**

**BANK OF AMERICA, N.A. , as Administrative Agent**

By: /s/ Alan Tapley  
Name: Alan Tapley  
Title: Assistant Vice President

**LENDERS:**

**BANK OF AMERICA, N.A. , as a Lender, L/C Issuer and Swing Line Lender**

By: /s/ Matthew C. White  
Name: Matthew C. White  
Title: Vice President

**CITIBANK N.A.**

By: /s/ Alex Duka  
Name: Alex Duka  
Title: Managing Director

**CANADIAN IMPERIAL BANK OF COMMERCE, New York Branch**

By: /s/ Robert Robin  
Name: Robert Robin  
Title: Authorized Signatory

**CANADIAN IMPERIAL BANK OF COMMERCE, New York Branch**

By: /s/ Darrel Ho  
Name: Darrel Ho  
Title: Authorized Signatory

**HSBC BANK USA, NATIONAL ASSOCIATION**

By: /s/ Jonathan David  
Name: Jonathan David  
Title: Managing Director

**JPMORGAN CHASE BANK, N.A.**

By: /s/ Jack Matteis  
Name: Jack Matteis  
Title: Executive Director

**MORGAN STANLEY BANK, N.A.**

By: /s/ Kelly Chin  
Name: Kelly Chin  
Title: Authorized Signatory

**TORONTO DOMINION (NEW YORK) LLC**

By: /s/ Paul Beltrame  
Name: Paul Beltrame  
Title: Vice President

**SUNTRUST BANK**

By: /s/ David Bennett  
Name: David Bennett  
Title: Director

**THE BANK OF NEW YORK MELLON**

By: /s/ Kenneth P. Sneider, Jr.  
Name: Kenneth P. Sneider, Jr.  
Title: Managing Director

**WELLS FARGO BANK, N.A.**

By: /s/ David J. Bendel  
Name: David J. Bendel  
Title: Director

**CREDIT SUISSE, CAYMAN ISLANDS BRANCH**

By: /s/ Doreen Barr  
Name: Doreen Barr  
Title: Authorized Signatory

By: /s/ Ryan Long  
Name: Ryan Long  
Title: Authorized Signatory

**STATE STREET BANK AND TRUST  
COMPANY**

By: /s/ Paul Koobatian  
Name: Paul Koobatian  
Title: Vice President

**BARCLAYS BANK PLC**

By: /s/ Tom Burton  
Name: Tom Burton  
Title: Authorised Signatory

**BNP PARIBAS**

By: /s/ Christina Feicht  
Name: Christina Feicht  
Title: Managing Director

By: /s/ Stan Bradley  
Name: Stan Bradley  
Title: Managing Director

**LIST OF APPLICABLE LENDING OFFICES**

| Name of Initial Lender              | Domestic Lending Office   | Eurocurrency Lending Office  |
|-------------------------------------|---|--|
| Bank of America, N.A.               | <i>See Schedule 8.02</i>  |  |
| Citibank N.A.                       | 1615 Brett Road, Building III<br>New Castle, Delaware 19720<br>Attention: Vince Napoli<br>Telephone: 302-894-6052<br>Facsimile: 212-994-0847                                    | 1615 Brett Road, Building III<br>New Castle, Delaware 19720<br>Attention: Vince Napoli<br>Telephone: 302-894-6052<br>Facsimile: 212-994-0847                                   |
| Canadian Imperial Bank of Commerce  | 595 Bay Street, 5 <sup>th</sup> Floor<br>Toronto, ON M5G 2C2<br>CIBC-CPS-US, Credit Monitoring Attention:<br>Amon Akibode<br>Telephone: 416-784-7147<br>Facsimile: 905-948-1934 | 595 Bay Street, 5 <sup>th</sup> Floor<br>Toronto, ON M5G 2C2<br>CIBC-CPS-US, Credit Monitoring Attention:<br>Cherry Chen<br>Telephone: 416-309-3315<br>Facsimile: 905-948-1934 |
| HSBC Bank USA, National Association | One HSBC Center<br>Buffalo, New York 14203<br>Attention: Donna L. Riley<br>Telephone: 716-841-4178<br>Facsimile: 716-841-0296   | 452 Fifth Avenue<br>New York, New York 10018<br>Attention: Myriam Ferguson<br>Telephone: 212-525-7292<br>Facsimile: 847-793-3415   |
| JPMorgan Chase Bank                 | 270 Park Avenue, Floor 4<br>New York, New York 10017<br>Attention: Ayesha Umer<br>Telephone: 212-270-6851<br>Facsimile: 212-270-1511  | 270 Park Avenue, Floor 4<br>New York, New York 10017<br>Attention: Ayesha Umer<br>Telephone: 212-270-6851<br>Facsimile: 212-270-1511   |
| Morgan Stanley Bank, N.A.           | 201 South Main Street, 5 <sup>th</sup> Floor<br>Salt Lake City, UT 84111<br>Attention: Carrie D. Johnson<br>Telephone: 801-236-3655<br>Facsimile: 718-233-0967                  | 201 South Main Street, 5 <sup>th</sup> Floor<br>Salt Lake City, UT 84111<br>Attention: Carrie D. Johnson<br>Telephone: 801-236-3655<br>Facsimile: 718-233-0967                 |
| SunTrust Bank                       | 303 Peachtree Street, 10 <sup>th</sup> Floor<br>Atlanta, Georgia 30308<br>Attention: Deborah Scruggs<br>Telephone: 404-230-1938<br>Facsimile: 404-588-4402                      | 303 Peachtree Street, 10 <sup>th</sup> Floor<br>Atlanta, Georgia 30308<br>Attention: Deborah Scruggs<br>Telephone: 404-230-1938<br>Facsimile: 404-588-4402                     |
| The Bank of New York Mellon         | One Wall Street, 17 <sup>th</sup> Floor<br>New York, New York 10286<br>Attention: Kenneth P. Sneider, Jr.<br>Telephone: 212-635-6863<br>Facsimile: 212-635-8541                 | One Wall Street, 17 <sup>th</sup> Floor<br>New York, New York 10286<br>Attention: Kenneth P. Sneider, Jr.<br>Telephone: 212-635-6863<br>Facsimile: 212-635-8541                |
| Toronto Dominion (New York) LLC     | 31 West 52 <sup>nd</sup> Street<br>New York, New York 10019<br>Attention: Christine Kim<br>Telephone: 416-982-7742<br>Facsimile: 416-983-0003                                   | 31 West 52 <sup>nd</sup> Street<br>New York, New York 10019<br>Attention: Christine Kim<br>Telephone: 416-982-7742<br>Facsimile: 416-983-0003                                  |
| Wells Fargo Bank, N.A.              | 90 South 7 <sup>th</sup> Street<br>MAC N9305-075<br>Minneapolis, Minnesota 55402<br>Attention: Thomas Doddridge   | 90 South 7 <sup>th</sup> Street<br>MAC N9305-075<br>Minneapolis, Minnesota 55402<br>Attention: Thomas Doddridge  |

Telephone: 312-781-0722  
Facsimile: 312-845-8606

Telephone: 312-781-0722  
Facsimile: 312-845-8606

Schedule I

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| Name of Initial Lender                  | Domestic Lending Office  | Eurocurrency Lending Office  |
|---|--|--|
| Credit Suisse AG, Cayman Islands Branch | Eleven Madison Avenue<br>New York, New York 10010<br>Attention: Jay Chall<br>Telephone: 212-325-9010<br>Facsimile: 212-743-1843  | Eleven Madison Avenue<br>New York, New York 10010<br>Attention: Jay Chall<br>Telephone: 212-325-9010<br>Facsimile: 212-743-1843  |
| State Street Bank and Trust Company     | 100 Huntington Avenue<br>Tower 1, 4 <sup>th</sup> Floor<br>Boston, Massachusetts 02206<br>Attention: Eola Romano<br>Telephone: 617-662-8580<br>Facsimile: 617-988-6677 | 100 Huntington Avenue<br>Tower 1, 4 <sup>th</sup> Floor<br>Boston, Massachusetts 02206<br>Attention: Eola Romano<br>Telephone: 617-662-8580<br>Facsimile: 617-988-6677 |
| Barclays Bank PLC                       | 1 Churchill Place<br>London, E14 5HP<br>Attention: Adam Bealey<br>Telephone: 44 (0) 20 7116 8472<br>Facsimile: N/A   | 1 Churchill Place<br>London, E14 5HP<br>Attention: Adam Bealey<br>Telephone: 44 (0) 20 7116 8472<br>Facsimile: N/A   |
| BNP Paribas                             | 787 Seventh Avenue<br>New York, New York 10019<br>Attention: Sean Bradley<br>Telephone: 212-841-2108<br>Facsimile: 212-841-2717  | 787 Seventh Avenue<br>New York, New York 10019<br>Attention: Sean Bradley<br>Telephone: 212-841-2108<br>Facsimile: 212-841-2717  |

Schedule I

## COMMITMENTS

| <b>Lender</b>                           | <b>Commitment</b>          | <b>Applicable Percentage</b> |
|---|----------------------------|------------------------------|
| Bank of America, N.A.                   | \$ 110,000,000.00          | 8.800000000%                 |
| Citibank N.A.                           | \$ 110,000,000.00          | 8.800000000%                 |
| Canadian Imperial Bank of Commerce      | \$ 100,000,000.00          | 8.000000000%                 |
| HSBC Bank USA, National Bank            | \$ 100,000,000.00          | 8.000000000%                 |
| JPMorgan Chase Bank, N.A.               | \$ 100,000,000.00          | 8.000000000%                 |
| Morgan Stanley Bank, N.A.               | \$ 100,000,000.00          | 8.000000000%                 |
| SunTrust Bank                           | \$ 100,000,000.00          | 8.000000000%                 |
| The Bank of New York Mellon             | \$ 100,000,000.00          | 8.000000000%                 |
| Toronto Dominion (New York) LLC         | \$ 100,000,000.00          | 8.000000000%                 |
| Wells Fargo Bank, N.A.                  | \$ 100,000,000.00          | 8.000000000%                 |
| Credit Suisse AG, Cayman Islands Branch | \$ 70,000,000.00           | 5.600000000%                 |
| State Street Bank and Trust Company     | \$ 70,000,000.00           | 5.600000000%                 |
| Barclays Bank PLC                       | \$ 45,000,000.00           | 3.600000000%                 |
| BNP Paribas                             | \$ 45,000,000.00           | 3.600000000%                 |
| <b>Total</b>                            | <b>\$ 1,250,000,000.00</b> | <b>100.000000000%</b>        |

Schedule 1.01

## SUBSIDIARIES

| Company Name |  |
|--------------|--|
| 1.           | Absolute Recovery Advisors                             |
| 2.           | Absolute Recovery LLC                                  |
| 3.           | Atlantic Trust Group, Inc.                             |
| 4.           | Atlantic Wealth Holdings Limited                       |
| 5.           | Atlantic Wealth Management Limited                     |
| 6.           | C M Investment Nominees Limited                        |
| 7.           | Chancellor Citiventure 96 Partner (Cayman) Ltd         |
| 8.           | Coff Associates (Cayman) Limited                       |
| 9.           | CPCO Associates (Cayman) Limited                       |
| 10.          | Concord Capital Limited                                |
| 11.          | Elliot Associates Limited                              |
| 12.          | Finemost Limited                                       |
| 13.          | Fund Management Company                                |
| 14.          | Horizon Flight Works LLC                               |
| 15.          | Huaneng Invesco WLR Investment Consulting Company Ltd. |
| 16.          | HVH Immobilien- und Beteiligungs GmbH                  |
| 17.          | HVH USA, Inc.  |
| 18.          | India Asset Recovery Management Limited                |
| 19.          | INVESCO (B.V.I.) NOMINEES LIMITED                      |
| 20.          | Invesco Administration Services Limited                |
| 21.          | Invesco Advisers, Inc.                                 |
| 22.          | Invesco Aim Global Holdings, Inc.                      |
| 23.          | Invesco Aim Retirement Services, Inc.                  |
| 24.          | Invesco Asian Real Estate Partners II (USD) LP         |
| 25.          | INVESCO Asset Management (Bermuda) Ltd                 |
| 26.          | Invesco Asset Management (Japan) Limited               |
| 27.          | Invesco Asset Management Asia Limited                  |
| 28.          | Invesco Asset Management Australia (Holdings) Ltd      |
| 29.          | Invesco Asset Management Deutschland GmbH              |
| 30.          | INVESCO Asset Management Ireland Holdings Limited      |
| 31.          | Invesco Asset Management Limited                       |
| 32.          | Invesco Asset Management Pacific Limited               |
| 33.          | Invesco Asset Management SA                            |
| 34.          | Invesco Asset Management Singapore Ltd                 |
| 35.          | Invesco Asset Management Österreich GmbH               |
| 36.          | Invesco Australia Limited                              |
| 37.          | Invesco Canada Holdings Inc.                           |





|     |   |
|-----|---|
| 38. | Invesco Canada Ltd.                             |
| 39. | Invesco Capital Markets, Inc.                   |
| 40. | Invesco (Cayman Islands) Ltd.                   |
| 41. | Invesco CE SA                                   |
| 42. | Invesco Distributors, Inc.                      |
| 43. | Invesco Far East Limited                        |
| 44. | Invesco Finance Inc.                            |
| 45. | Invesco Finance PLC                             |
| 46. | Invesco Fund Managers Limited                   |
| 47. | INVESCO Funds Group, Inc.                       |
| 48. | INVESCO Global Asset Management Limited         |
| 49. | Invesco Global Asset Management (Bermuda) Ltd.  |
| 50. | Invesco Global Investment Funds Limited         |
| 51. | Invesco Global Real Estate Asia Pacific         |
| 52. | Invesco Great Wall Fund Management Co. Ltd.     |
| 53. | Invesco Group Limited                           |
| 54. | Invesco Group Services, Inc.                    |
| 55. | Invesco GT Asset Management Limited             |
| 56. | Invesco Holding Company Limited                 |
| 57. | Invesco Holding Germany GmbH                    |
| 58. | INVESCO Holding Germany Ltd & Co OHG            |
| 59. | INVESCO Holland B.V.                            |
| 60. | Invesco Hong Kong Limited                       |
| 61. | Invesco Hungary LLC                             |
| 62. | Invesco (Hyderabad) Private Limited             |
| 63. | Invesco Inc.                                    |
| 64. | Invesco Insurance Agency, Inc.                  |
| 65. | INVESCO International (Southern Africa) Limited |
| 66. | Invesco International Holdings Limited          |
| 67. | INVESCO International Limited                   |
| 68. | Invesco Investment Advisers LLC                 |
| 69. | Invesco Investment Services, Inc.               |
| 70. | Invesco Investments (Bermuda) Ltd.              |
| 71. | Invesco Kapitalanlagegesellschaft mbH           |
| 72. | Invesco Korean Real Estate Holdings LLC         |
| 73. | Invesco Ltd.                                    |
| 74. | Invesco Management Company Limited              |
| 75. | INVESCO Management GmbH                         |
| 76. | Invesco Management Group, Inc.                  |
| 77. | INVESCO Management S.A.                         |
| 78. | INVESCO National Trust Company                  |
| 79. | Invesco North American Group Limited            |



|      |   |
|------|---|
| 80.  | Invesco North American Holdings, Inc.   |
| 81.  | Invesco Pacific Group Limited   |
| 82.  | Invesco Pacific Holdings Limited  |
| 83.  | Invesco Pension Trustees Limited  |
| 84.  | Invesco Perpetual Life Limited  |
| 85.  | INVESCO Pacific Partner Ltd.  |
| 86.  | INVESCO Polska Spolka z ograniczona odpowiedzialnoscia (INVESCO Polska Sp.z.o.o.) |
| 87.  | INVESCO Powershares Capital Management Ireland Limited                            |
| 88.  | Invesco PowerShares Capital Management LLC  |
| 89.  | INVESCO Private Capital Investments, Inc.   |
| 90.  | Invesco Private Capital, Inc.   |
| 91.  | INVESCO Real Estate Germany LLC   |
| 92.  | Invesco Real Estate Germany, L.P.   |
| 93.  | Invesco Real Estate GmbH  |
| 94.  | Invesco Real Estate Korea   |
| 95.  | Invesco Real Estate Limited   |
| 96.  | Invesco Real Estate Management S.a.r.l.   |
| 97.  | INVESCO Real Estate s.r.o.  |
| 98.  | Invesco Realty Asia I, Ltd.   |
| 99.  | INVESCO Realty, Inc.  |
| 100. | Invesco Savings Scheme (Nominees) Limited   |
| 101. | Invesco Senior Secured Management, Inc.   |
| 102. | Invesco Taiwan Limited  |
| 103. | Invesco UK Holdings Limited   |
| 104. | Invesco UK Limited  |
| 105. | Invesco WLR Limited   |
| 106. | Invesco WLR Private Equity Investment Management Limited                          |
| 107. | IPE Ross Management Ltd.  |
| 108. | IRE AF II, Ltd.   |
| 109. | IRE Advisors (Shanghai) Ltd.  |
| 110. | IRE (China) Limited   |
| 111. | IRE (Cayman) Limited  |
| 112. | IRE (Hong Kong) Limited   |
| 113. | IRE Japan, Ltd  |
| 114. | IVZ Bahamas Private Limited   |
| 115. | IVZ Distributors, Inc.  |
| 116. | IVZ Finance Limited   |
| 117. | IVZ UK Limited  |
| 118. | IVZ Mauritius Services Private Limited  |
| 119. | IVZ, Inc.   |
| 120. | James Bryant Limited  |
| 121. | PCM Properties LLC  |



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|      |  |
|------|--|
| 122. | Perpetual Limited  |
| 123. | Perpetual Portfolio Management Limited                             |
| 124. | Perpetual Unit Trust Management (Nominees) Limited                 |
| 125. | POCZTYLION - ARKA POWSZECHNE TOWARZYSTWO EMERYTALNE SPOLKA AKCYJNA |
| 126. | Religare Invesco Asset Management Company Private Ltd.             |
| 127. | Religare Trustee Company Private Ltd.                              |
| 128. | Ross CG Management LP  |
| 129. | Ross Expansion Associates LP                                       |
| 130. | Sermon Lane Nominees Limited                                       |
| 131. | Sovereign G/P. Holdings Inc  |
| 132. | Stein Roe Investment Counsel, Inc.                                 |
| 133. | Taiyo Fund Management Co. LLC                                      |
| 134. | Tower Asiapac HoldCo. LLC  |
| 135. | Van Kampen Exchange Corp.  |
| 136. | Van Kampen Seed LLC  |
| 137. | VV Immobilien Verwaltungs GmbH                                     |
| 138. | VV Immobilien Verwaltungs und Beteiligungs GmbH                    |
| 139. | VV USA LLC   |
| 140. | WLR China Energy Associates Ltd                                    |
| 141. | WLR Euro Wagon Management Ltd.                                     |
| 142. | W.L. Ross & Co. (India) LLC  |
| 143. | W.L. Ross M & T, LLC   |
| 144. | W.L. Ross & Co., LLC   |
| 145. | W.L. Ross Dip Management LLC                                       |
| 146. | W.L. Ross (India) Private Limited                                  |

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Schedule 4.01(b)

**REQUIRED AUTHORIZATIONS**

None.

Schedule 4.01(d)

**DISCLOSED LITIGATION**

None.

Schedule 4.01(i)



**EXISTING LIENS**

None.

Schedule 5.02(a)

**ADMINISTRATIVE AGENT'S OFFICE;  
CERTAIN ADDRESSES FOR NOTICES**

**BORROWERS:**

**Invesco Finance PLC**

1555 Peachtree Street, N.E.

Atlanta, Georgia 30306

Attention: Jordan Krugman

Telephone: 404-439-4605

Telecopier: 404-962-0896

E-Mail: jordan.krugman@invesco.com

Website Address: Invesco.com

**PARENT :**

**Invesco Ltd.**

1555 Peachtree Street, N.E.

Atlanta, Georgia 30306

Attention: Jordan Krugman

Telephone: 404-439-4605

Telecopier: 404-962-0896

E-Mail: jordan.krugman@invesco.com

Website Address: Invesco.com

**ADMINISTRATIVE AGENT:**

*Administrative Agent's Office (For payments and Requests for Credit Extensions):*

**Bank of America, N.A.**

One Independence Center

101 North Tryon Street

Mail Code: NC1-001-04-39

Charlotte, North Carolina 28255-0001

Attention: Rose M. Ballard

Telephone: 980-386-2881

Telecopier: 704-409-0355

E-Mail: rose.ballard@baml.com

***Wiring Information:***

Bank of America, N.A.  
New York, New York  
ABA Number: 026009593  
Account Number: 1366212250600  
Account Name: Credit Services  
Reference: INVESCO

***Other Notices as Administrative Agent:***

**Bank of America, N.A.**

Agency Management  
901 Main Street  
Mail Code: TX1-492-14-11  
Dallas, Texas 75202-3714  
Attention: Alan Tapley  
Telephone: 214-209-4125  
Telecopier: 214-290-9507  
E-Mail: alan.tapley@baml.com

**SWING LINE LENDER :**

**Bank of America, N.A.**

One Independence Center  
101 North Tryon Street  
Mail Code: NC1-001-04-39  
Charlotte, North Carolina 28255-0001  
Attention: Rose M. Ballard  
Telephone: 980-386-2881  
Telecopier: 704-409-0355  
E-Mail: rose.ballard@baml.com

***Wiring Information:***

Bank of America, N.A.  
New York, New York  
ABA Number: 026009593  
Account Number: 1366212250600  
Account Name: Credit Services  
Reference: INVESCO

**LC ISSUER'S OFFICE :**

*(New LC requests and amendments):*

**Bank of America, N.A.**

Trade Operations

1 Fleet Way

Mail Code: PA6-580-02-30

Scranton, Pennsylvania 18507

Attention: Mary J. Cooper

Telephone: 570-330-4235

Telecopier: 570-330-4186

E-Mail: mary.j.cooper@bankofamerica.com

Schedule 8.02

## EXHIBIT A

### FORM OF NOTE

U.S. \$ \_\_\_\_\_ Dated: December 17, 2013

FOR VALUE RECEIVED, the undersigned, **INVESCO FINANCE PLC**, a company organized under the laws of England and Wales (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.\$ [amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of the Advances made by the Lender to the Borrower pursuant to the Second Amended and Restated Credit Agreement dated as of December 17, 2013 among the Borrower, INVESCO LTD., the Lender, certain other lenders from time to time party thereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Lender and such other lenders and as Swing Line Lender and L/C Issuer (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") outstanding on the Termination Date. Capitalized terms used but not defined herein shall have the meanings specified therefor in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest in respect of each Advance are payable to the Administrative Agent for the account of the Lender in same day funds at the Administrative Agent's Office. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

This Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Dollar amount first above mentioned or the Equivalent thereof in Sterling, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Note, (ii) contains provisions for determining the Dollar Equivalent of Advances denominated in Sterling and (iii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

*[Remainder of page left blank intentionally; signature page follows.]*

A-1

Form of Note

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

**INVESCO FINANCE**

**PLC**

By: \_\_  
Name: \_\_  
Title: \_\_

A-2  
Form of Note



**EXHIBIT B-1**

**FORM OF NOTICE OF BORROWING**

[Date]

Bank of America, N.A.  
One Independence Center  
101 North Tryon Street  
Mail Code: NC1-001-04-39  
Charlotte, North Carolina 28255-0001  
Attention: Rose M. Bollard

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Credit Agreement dated as of December 17, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among INVESCO FINANCE PLC, a company organized under the laws of England and Wales (the “Borrower”), INVESCO LTD., the Lenders from time to time party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Capitalized terms used but not defined herein shall have the meanings specified therefor in the Credit Agreement.

The undersigned hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the Borrower hereby requests a Borrowing under the Credit Agreement, and in connection therewith sets forth below the information relating to such Borrowing (the “Proposed Borrowing”) as required by Section 2.02(a) of the Credit Agreement:

- (i) The Business Day of the Proposed Borrowing is \_\_\_\_\_, 20\_\_.
- (ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurocurrency Rate Advances].
- (iii) The aggregate amount of the Proposed Borrowing is [\$\_\_\_\_\_] [£\_\_\_\_\_].
- [(iv) The initial Interest Period for each Eurocurrency Rate Advance made as part of the Proposed Borrowing is \_\_\_\_\_ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 (other than clauses (g) and (i)(i) of Section 4.01) of the Credit Agreement are correct in all material respects, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date except to the extent such



representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date (other than in the case of the representations and warranties made in Section 4.01(d), which shall be correct in all material respects on and as of the date of the Proposed Borrowing as though made on and as of such date, without regard to any earlier date referenced therein); and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

**INVESCO FINANCE PLC**

By: \_\_

Name: \_\_

Title: \_\_

B-1-2

Form of Notice of Borrowing

**EXHIBIT B-2**

**FORM OF SWING LINE LOAN NOTICE**

Date: \_\_\_\_\_, 201\_\_

To: Bank of America, N.A., as Swing Line Lender  
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Credit Agreement dated as of December 17, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among INVESCO FINANCE PLC, a company organized under the laws of England and Wales (the “Borrower”), INVESCO LTD., the Lenders from time to time party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Capitalized terms used but not defined herein shall have the meanings specified therefor in the Credit Agreement.

The undersigned hereby requests a Swing Line Loan:

1. On \_\_\_\_\_ (a Business Day).
2. In the amount of \$\_\_\_\_\_.

The Swing Line Borrowing requested herein complies with the requirements of the provisos to the first sentence of Section 2.04(a) of the Credit Agreement.

Very Truly Yours,

**INVESCO FINANCE PLC**

By: \_\_  
Name: \_\_  
Title: \_\_

**B-2-1**  
Form of Swing Line Loan Notice

**EXHIBIT C**

**FORM OF ASSIGNMENT AND ASSUMPTION**

This Assignment and Assumption (this “ Assignment and Assumption ”) is dated as of the Effective Date set forth below and is entered into by and between **[the][each]** Assignor identified in item 1 below ( **[the][each, an]** “ Assignor ”) and **[the][each]** Assignee identified in item 2 below ( **[the][each, an]** “ Assignee ”). **[It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] hereunder are several and not joint.]** Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “ Credit Agreement ”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, **[the][each]** Assignor hereby irrevocably sells and assigns to **[the Assignee][the respective Assignees]** , and **[the][each]** Assignee hereby irrevocably purchases and assumes from **[the Assignor][the respective Assignors]** , subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of **[the Assignor’s][the respective Assignors’]** rights and obligations in **[its capacity as a Lender][their respective capacities as Lenders]** under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of **[the Assignor][the respective Assignors]** under the respective facilities identified below (including, without limitation, the Letters of Credit and the Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of **[the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)]** against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by **[the][any]** Assignor to **[the][any]** Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as **[the][an]** “ Assigned Interest ”). Each such sale and assignment is without recourse to **[the][any]** Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by **[the][any]** Assignor.

1. Assignor [s]: \_\_\_\_\_  
\_\_\_\_\_

2. Assignee [s]: \_\_\_\_\_  
\_\_\_\_\_

[for each Assignee, indicate [Affiliate][Approved Fund] of [ *identify Lender* ]]

3. Borrower: INVESCO FINANCE PLC

4. Administrative Agent: BANK OF AMERICA, N.A., as the administrative agent under the Credit Agreement
5. Credit Agreement: Second Amended and Restated Credit Agreement dated as of December 17, 2013 among INVESCO FINANCE PLC, a company organized under the laws of England and Wales (the "Borrower"), INVESCO LTD., the Lenders from time to time party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, as amended, restated, supplemented or otherwise modified from time to time.
6. Assigned Interest:

| Assignor[s] | Assignee[s] | Aggregate Amount of Commitment for all Lenders | Amount of Commitment Assigned | Percentage Assigned of Commitment | CUSIP Number |
|-------------|-------------|--|-------------------------------|-----------------------------------|--------------|
|             |             | \$ _____                                       | \$ _____                      | _____ %                           |              |
|             |             | \$ _____                                       | \$ _____                      |                                   |              |
|             |             | \$ _____                                       | \$ _____                      | _____ %                           |              |

[7. Trade Date: \_\_\_\_\_]

Effective Date: \_\_\_\_\_, 20\_\_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: \_\_  
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: \_\_  
Title:

C-2

Form of Assignment and Assumption

Consented to and Accepted:

BANK OF AMERICA, N.A. as  
Swing Line Lender and L/C Issuer

By: \_\_\_\_\_  
Title:

[Consented to and] Accepted:

BANK OF AMERICA, N.A., as  
Administrative Agent

By: \_\_\_\_\_  
Title:

C-3  
Form of Assignment and Assumption

[Consented to:]

INVESCO FINANCE PLC

By: \_\_\_\_\_

Title:

C-4  
Form of Assignment and Assumption

52532342\_4

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STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. **[The][Each]** Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of **[the][the relevant]** Assigned Interest, (ii) **[the][such]** Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. **[The][Each]** Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 8.06(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 8.06(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of **[the][the relevant]** Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by **[the][such]** Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire **[the][such]** Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(h) or Section 3.01(d) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase **[the][such]** Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent, **[the][any]** Assignor or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase **[the][such]** Assigned Interest, and (vii) if it is a foreign lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by **[the][such]** Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, **[the][any]** Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the

obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of **[the][each]** Assigned Interest (including payments of principal, interest, fees and other amounts) to **[the][the relevant]** Assignor for amounts which have accrued to but excluding the Effective Date and to **[the][the relevant]** Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.



**EXHIBIT D**

**FORM OF PARENT GUARANTY**

*See attached.*

D-1

Form of Parent Guaranty

**SECOND AMENDED AND RESTATED GUARANTY  
(Parent)**

This **SECOND AMENDED AND RESTATED GUARANTY** (this “Guaranty”) dated December 17, 2013 made by **INVESCO LTD.**, a company organized under the laws of Bermuda (the “Guarantor”), in favor of the Administrative Agent, the L/C Issuer and each of the Lenders (as each such term is defined in the Credit Agreement referred to below).

**PRELIMINARY STATEMENT.**

A. Invesco Finance PLC, a company organized under the laws of England and Wales (the “Borrower”), Invesco Holding Company Limited, a company organized under the laws of England and Wales, IVZ, Inc., a Delaware corporation, and Invesco Finance, Inc., a Delaware corporation, the Guarantor, the lenders party thereto (the “Existing Lenders”), and the Administrative Agent are parties to that certain Amended and Restated Credit Agreement dated as June 3, 2011 (the “Existing Credit Agreement”);

B. Pursuant to the Existing Credit Agreement, the Guarantor and the Administrative Agent entered into that certain Amended and Restated Guaranty dated as of June 3, 2011 (the “Existing Guaranty”);

C. Pursuant to the terms of that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, among the Borrower, the Guarantor, the Administrative Agent and each of the lenders now or hereafter party thereto (the “Lenders”) (as from time to time amended, revised, modified, supplemented or amended and restated, the “Credit Agreement”; all capitalized terms used but not otherwise defined herein shall have the meanings provided therefor in the Credit Agreement), the Lenders have agreed to continue the loans outstanding under the Existing Credit Agreement, and to amend and restate the credit facilities thereunder; and

D. The Guarantor may receive a portion of the proceeds of the Advances under the Credit Agreement and will derive substantial direct and indirect benefit from the transactions contemplated by the Credit Agreement. It is a condition precedent to the effectiveness of the Credit Agreement and the making of Advances by the Lenders thereunder that the Existing Guaranty be amended and restated by the execution and delivery of this Guaranty by the Guarantor.

**NOW, THEREFORE**, in consideration of the premises and in order to induce the Lenders to make Advances under the Credit Agreement from time to time, the Guarantor hereby agrees as follows:

Section 1. Guaranty; Limitation of Liability. (a) The Guarantor hereby unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of each other Loan Party now or hereafter existing under the Loan Documents, whether for principal, interest, fees, expenses or otherwise (such obligations, including, without limitation, the obligations of the Borrower under Section 2.15 of the Credit Agreement, being the “Guaranteed Obligations”), and agrees to pay any and all expenses (including reasonable

counsel fees and expenses) incurred by the Administrative Agent, the L/C Issuer or any Lender in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by a Loan Party to the Administrative Agent, the L/C Issuer or any Lender under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Loan Party.

(b) The Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of any Loan Document, the absence of any action to enforce the same, any waiver or consent by the Administrative Agent, the L/C Issuer or any Lender with respect to any provisions hereof or thereof, the recovery of any judgment against the Borrower, any action to enforce the same, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of the Guarantor (other than a defense of payment in full or complete performance). The Guarantor hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Borrower, any right to require a proceeding first against the Borrower, protest, notice and all demands whatsoever. This Guaranty is a guarantee of payment and not of collection.

(c) Subject to reinstatement pursuant to Section 10, the Guarantor hereby covenants that this Guaranty shall not be discharged except by complete performance of the obligations contained in the Credit Agreement, the Notes and this Guaranty.

(d) The Guarantor, and by its acceptance of this Guaranty, the Administrative Agent, the L/C Issuer and each Lender, hereby confirms that it is the intention of all such Persons that this Guaranty and the obligations of the Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of bankruptcy law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the obligations of the Guarantor hereunder. To effectuate the foregoing intention, the Administrative Agent, the L/C Issuer, the Lenders and the Guarantor hereby irrevocably agree that the obligations of such Guarantor under this Guaranty at any time shall be limited to the maximum amount as will result in the obligations of such Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance.

Section 2. Waiver of Subrogation. Until the Credit Agreement is terminated and all of the Guaranteed Obligations have been paid in full, the Guarantor hereby irrevocably waives and agrees not to exercise any claim or other rights which it may now or hereafter acquire against the Borrower that arise from the existence, payment, performance or enforcement of the Borrower's obligations under the Credit Agreement and the Guarantor's obligations under this Guaranty, in any such instance including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, and any right to participate in any claim or remedy of the Administrative Agent, the L/C Issuer or the Lenders against the Borrower, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Borrower, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to the Guarantor in violation of the preceding sentence and any of the Guaranteed

Obligations shall not have been paid in full, such amount shall have been deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of, the Administrative Agent, the L/C Issuer or the Lenders and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations in favor of the Administrative Agent, the L/C Issuer and the Lenders, whether matured or unmatured, in accordance with the terms of the Loan Documents. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waiver set forth in this Section 2 is knowingly made in contemplation of such benefits.

Section 3. No Set-Off. Each payment to be made by the Guarantor hereunder in respect of its obligations shall be payable in the currency or currencies in which such obligations are denominated, and shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

Section 4. Obligations Absolute; Obligations Not Affected. The obligations of the Guarantor hereunder shall be continuing and shall remain in full force and effect until all of the Guaranteed Obligations have been paid and satisfied in full. The obligations of the Guarantor hereunder shall not be affected, impaired or diminished in any way by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder (and whether or not known or consented to by the Guarantor, the Administrative Agent, the L/C Issuer or any of the Lenders) which, but for this provision, might constitute a whole or partial defense to a claim against the Guarantor hereunder or might operate to release or otherwise exonerate the Guarantor from any of its obligations hereunder or otherwise affect such obligations, whether occasioned by default of any of the Lenders or otherwise, including, without limitation:

(a) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower or any other Person, including any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding-up or other proceeding involving or affecting the Borrower or any other Person;

(b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Borrower or any other Person under the Loan Documents;

(c) any failure of the Borrower, whether or not without fault on its part, to perform or comply with any of the provisions of any Loan Document to which it is a party, or to give notice thereof to the Guarantor;

(d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Borrower or any other Person or their respective assets or the release or discharge of any such right or remedy;

(e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Borrower or any other Person;

(f) any change in the time, manner or place of payment of, or in any other term of, any of the Guaranteed Obligations, or any other amendment, variation, supplement, replacement or waiver of, or any consent to departure from, any of the Loan Documents, including, without limitation, any increase or decrease in the principal amount of or interest on Advances with respect to any of the Loan Documents;

(g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower, the Guarantor or any other Person;

(h) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Guaranteed Obligations or the obligations of the Guarantor under this Guaranty; and

(i) any other circumstance that might otherwise constitute a legal or equitable discharge or defense of the Borrower under the Loan Documents to which it is a party or of the Guarantor in respect of this Guaranty (other than a defense of payment in full or complete performance).

Section 5. Waiver. Without in any way limiting the provisions of Section 1 hereof, the Guarantor hereby waives notice of acceptance hereof, notice of any liability of the Guarantor hereunder, notice or proof of reliance by the Administrative Agent, the L/C Issuer or the Lenders upon the obligations of the Guarantor hereunder, and diligence, presentment, demand for payment on the Borrower, protest, notice of dishonor or non-payment of any of the Guaranteed Obligations, or other notice or formalities to the Borrower or the Guarantor of any kind whatsoever.

Section 6. No Obligation To Take Action Against the Borrower. None of the Administrative Agent, the L/C Issuer or any of the Lenders shall have any obligation to enforce or exhaust any rights or remedies or to take any other steps under any security for the Guaranteed Obligations or against the Borrower or any other Person or any property of the Borrower or any other Person before the Administrative Agent, the L/C Issuer or the Lenders are entitled to demand payment and performance by the Guarantor of its liabilities and obligations under this Guaranty.

Section 7. Dealing with the Borrower and Others. The Administrative Agent, the L/C Issuer or the Lenders, without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations and liabilities of the Guarantor hereunder and without the consent of or notice to the Guarantor, may:

(a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Borrower or any other Person;

(b) take or abstain from taking security or collateral from the Borrower or from perfecting security or collateral of the Borrower;

(c) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of (with or without consideration) any and all collateral, mortgages or other

security given by the Borrower or any third party with respect to the obligations or matters contemplated by the Loan Documents;

(d) accept compromises or arrangements from the Borrower;

(e) apply all monies at any time received from the Borrower or from any security upon such part of the obligations as the Lenders may see fit or change any such application in whole or in part from time to time as the Lenders may see fit; and

(f) otherwise deal with, or waive or modify their right to deal with the Borrower and all other Persons and any security as the Lenders, the Administrative Agent or the L/C Issuer may see fit.

Section 8. Governing Law, Waiver of Jury Trial .

(a) This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Guarantor hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon the Guarantor c/o Invesco Group Services, Inc. at its offices at 1555 Peachtree Street N.E., Atlanta, Georgia 30309, Attention: General Counsel (the "Process Agent"), and hereby further agrees that the failure of the Process Agent to give any notice of any such service to the Guarantor shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Guaranty in the courts of any jurisdiction.

(c) The Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty in any New York State or federal court. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) To the extent that the Guarantor has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment

prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Guarantor hereby irrevocably waives such immunity in respect of its obligations under this Guaranty and the other Loan Documents.

(e) The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Guaranty in the courts of any jurisdiction.

(f) The Guarantor hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the transactions contemplated thereby or the actions of the Administrative Agent, the L/C Issuer or any Lender in the negotiation, administration, performance or enforcement thereof.

#### Section 9. Judgment.

(a) Rate of Exchange. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder in another currency into Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase such other currency with Dollars in New York City, New York, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

(b) Indemnity. The obligation of the Guarantor in respect of any sum due from it to the Administrative Agent, the L/C Issuer or any Lender hereunder shall, notwithstanding any judgment in a currency other than Dollars, be discharged only to the extent that on the Business Day next succeeding receipt by the Administrative Agent, the L/C Issuer or such Lender of any sum adjudged to be so due in such other currency, the Administrative Agent, the L/C Issuer or such Lender, as the case may be, may, in accordance with normal banking procedures, purchase Dollars with such other currency. If the Dollars so purchased are less than the sum originally due to the Administrative Agent, the L/C Issuer or such Lender in Dollars, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent, the L/C Issuer or such Lender against such loss, and if the Dollars so purchased exceed the sum originally due to any of the Administrative Agent, the L/C Issuer or any Lender in Dollars, the Administrative Agent, the L/C Issuer or such Lender agrees to remit to the Guarantor such excess.

Section 10. Reinstatement. The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, at any time payment received by the Administrative Agent, the L/C Issuer or any Lender in respect of any Guaranteed Obligations is rescinded or must be restored for any reason, or is repaid by the Administrative Agent, the L/C Issuer or any Lender in whole or in part in good faith settlement of any pending or threatened avoidance claim.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**INVESCO LTD.**

By: \_\_\_\_\_

Name: Loren M. Starr

Title: Senior Managing Director and Chief

Financial Officer



**EXHIBIT E**

**FORM OF OPINION OF U.S. COUNSEL  
FOR THE BORROWER AND THE PARENT**

*See attached.*

E-1

Form of Opinion of U.S. Counsel for the Borrower and the Parent

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To each of the Lenders party  
to the Second Amended and Restated Credit Agreement  
dated as of December 17, 2013,  
among Invesco Finance PLC, Invesco Ltd.,  
said Lenders and Bank of America, N.A.,  
as Administrative Agent

Ladies and Gentlemen:

We have acted as special counsel to Invesco Finance PLC, a company organized under the laws of England and Wales (the “Borrower”) and Invesco Ltd., a company incorporated in the Islands of Bermuda (the “Parent”); together with the Borrower, each individually a “Loan Party” and collectively, the “Loan Parties”), in connection with that certain Second Amended and Restated Credit Agreement dated as of the date hereof (the “Credit Agreement”) among the Borrower, the Parent, the Lenders party thereto (the “Lenders”) and Bank of America, N.A., as Administrative Agent (the “Agent”) for the Lenders and as Swingline Lender and L/C Issuer. We have also acted as special counsel to the Parent in connection with that certain Second Amended and Restated Guaranty (Parent) dated as of the date hereof (the “Parent Guaranty”) in favor of the Agent, the L/C Issuer and each of the Lenders. This opinion is being delivered pursuant to Section 3.01(c)(vi) of the Credit Agreement. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings accorded such terms in the Credit Agreement.

In rendering this opinion, we have reviewed the following documents, instruments and agreements (the following instruments and documents listed in items (a) – (c) below are collectively referred to herein as the “Transaction Documents”):

- (a) the Credit Agreement;
- (b) the Notes; and
- (c) the Parent Guaranty.

In addition to the foregoing, we have reviewed (i) certificates of corporate officers and (ii) originals or copies, certified or otherwise identified to our satisfaction, of documents, corporate records, and other instruments, and made such further legal and factual examinations, as we have deemed necessary for the purposes of expressing the opinions set forth herein.

In making the examinations described above and in rendering the opinions expressed below, we have assumed: (a) the genuineness of all signatures, (b) the legal capacity of natural persons, (c) the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, (d) the due authorization, execution and delivery of the Transaction Documents by all parties thereto, (e) that such Transaction Documents are legal, valid and binding obligations of the parties thereto enforceable against all such parties

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thereto (other than the Loan Parties), (f) all parties to the Transaction Documents have the full power, authority and legal right to perform their respective obligations under such Transaction Documents, (g) that all of the representations and warranties made by the Loan Parties in the Transaction Documents are true and correct as to the factual matters therein, (h) the Lenders and the Agent have acted in good faith and without notice of any defense against enforcement of rights created by the transactions (the "Transactions") contemplated by the Credit Agreement and the other Transaction Documents, (i) each party to the Credit Agreement and the other Transaction Documents has complied with all laws applicable to it that affect the Transactions, (j) the Transactions comply with any test required by any applicable law of good faith or fairness, (k) each applicable law or regulation for which we are deemed to be responsible is published, accessible and generally available to lawyers practicing in the State of New York, (l) there is no understanding or agreement not embodied in the Transaction Documents among parties to the Transactions that would modify any term of a Transaction Document or any right or obligation of a party thereto, (m) with respect to the Transactions and the Transaction Documents, there has been no mutual mistake of fact and there exists no fraud or duress, (n) all of the requirements for a Lender's making an assignment under Sections 8.11 and 8.06 of the Existing Credit Agreement have been satisfied pursuant to and in accordance with the terms of the Existing Credit Agreement, and (o) any deemed assignment occurring under Section 1.01(c) of the Credit Agreement will have the same force and effect as an assignment effected in accordance with Section 8.06(b) of the Existing Credit Agreement.

We have relied, with your permission, upon the representations and warranties contained in the Credit Agreement and the other Transaction Documents to the extent the same relate to matters of fact relevant to the opinions expressed herein and upon certificates of public officials and certain officers of each Loan Party with respect to the factual matters contained therein.

In addition we have assumed, with your permission, the following matters (as to which we understand you are relying solely upon the opinions of Linklaters, U.K. counsel to the Borrower, and Appleby, Bermuda counsel to the Parent):

- (a) The Borrower is a public limited company formed and existing under the laws of England.
  - (b) The Parent is an exempted company incorporated with limited liability and existing under the laws of Bermuda.
  - (c) The Borrower has the power to execute, deliver and perform the Transaction Documents to which it is a party, and the Parent has all requisite corporate power to enter into, execute, deliver and perform its obligations under the Transaction Documents to which it is a party.
  - (d) The execution, delivery and performance by each Loan Party of the Transaction Documents to which it is a party have been duly authorized by all requisite corporate action of such Loan Party.
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(e) Each Loan Party has duly executed and delivered each Transaction Document to which it is a party.

Based upon the foregoing and subject to the assumptions, exceptions and qualifications set forth herein and Annex I hereto, we are of the opinion that:

1. The Credit Agreement constitutes, and after giving effect to the initial Borrowing, each Note will constitute, a valid and legally binding obligation of the Borrower, enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by the limitations set forth on Annex I hereto.

2. Each of the Credit Agreement and the Parent Guaranty constitutes a valid and legally binding obligation of the Parent, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by the limitations set forth in Annex I hereto.

3. No approval, authorization or other action by, and no notice to or filing with, any governmental authority or regulatory body (each an "Approval") is required under the laws of the State of New York or the United States of America for the valid execution, delivery and performance by (a) the Loan Parties of the Credit Agreement, (b) the Borrower of the Notes, or (c) the Parent of the Parent Guaranty, except such Approvals, if any, as have been obtained, given or made and reports required to be filed with the Securities and Exchange Commission under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended.

4. The execution and delivery by each Loan Party of the Transaction Documents to which it is a party and the performance of its obligations under such Transaction Documents will not constitute a violation of any existing constitutional provision, statute, or regulation of the State of New York or the United States of America.

Members of our firm are admitted to practice law in the State of New York, and we express no opinion as to the laws (including either of the Borrower's or the Parent's compliance or noncompliance with the laws) of any jurisdictions other than the federal laws of the United States and the laws of the State of New York.

This opinion is limited to the matters stated herein, and no opinion may be implied or inferred beyond those opinions expressly stated. Opinions rendered herein are as of the date hereof, and we make no undertaking and expressly disclaim any duty to supplement such opinions if, after the date hereof, facts and circumstances come to our attention or changes in the law occur which could affect such opinions. We express no opinion or advice as to any law (a) that might be violated by any misrepresentation, omission or fraudulent act, (b) to which either Loan Party may be subject as a result of your legal or regulatory status, your sale or transfer of any Loans or other Obligations or interests therein or your involvement in the transactions contemplated by the Transaction Documents, or (c) identified in clause (s) of Annex I.

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This opinion is rendered solely for your benefit and for the benefit of any Lender that may hereafter become a Lender under the Credit Agreement. This opinion may not be used or relied upon by any other person or entity, and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent except to your bank examiners and any other governmental authority or self-regulatory body to which you report or to which you are subject to review, or as required by law or regulation or pursuant to legal process. This opinion may be disclosed to, but may not be relied upon by, your accountants, lawyers and other advisors so long as such accountants and other advisors agree not to disclose, quote or file this opinion without our prior written consent.

Very truly yours,

**Alston & Bird LLP**

By: \_\_\_\_\_  
Partner

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## ANNEX I

### Enforceability Limitations

- (a) The effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights and remedies of creditors. This limitation includes the effect of the United States Bankruptcy Code (the “Bankruptcy Code”) in its entirety, including, without limitation, matters of contract rejection, fraudulent conveyance and obligation, turn-over, preference, equitable subordination, automatic stay, discharge, conversion of a non-recourse obligation into a recourse obligation, and substantive consolidation. It also includes state laws regarding fraudulent transfers, obligations, and conveyances, and state receivership laws.
  - (b) The effect of general principles of equity, whether applied by a court of law or equity. This limitation includes the following concepts: (i) principles governing the availability of specific performance, injunctive relief or other traditional equitable remedies; (ii) principles affording traditional equitable defenses (e.g., waiver, laches and estoppel); (iii) good faith and fair dealing; (iv) reasonableness; (v) materiality of the breach; (vi) impracticability or impossibility of performance; (vii) the effect of obstruction or failure to perform or otherwise act in accordance with an agreement by any person; (viii) unconscionability and (ix) the possible unenforceability under certain circumstance of provisions providing for indemnification or contribution that are contrary to public policy.
  - (c) The possible unenforceability of provisions purporting to waive certain rights of guarantors.
  - (d) The possible unenforceability of provisions requiring indemnification for, or providing exculpation, release, or exemption from liability for, action or inaction, to the extent such action or inaction involves negligence or willful misconduct.
  - (e) The possible unenforceability of provisions purporting to require arbitration of disputes.
  - (f) The possible unenforceability of provisions imposing increased interest rates or late payment charges upon delinquency in payment or default or providing for liquidated damages or for premiums on prepayment, acceleration, redemption, cancellation, or termination, to the extent any such provisions are deemed to be penalties or forfeitures.
  - (g) The possible unenforceability of waivers or advance consents that have the effect of (i) waiving statutes of limitation, marshaling of assets or similar requirements, (ii) consenting to or waiving objections to the jurisdiction of courts or the venue of actions, (iii) waiving the right to jury trial or, in certain cases, notices.
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- (h) The possible unenforceability of provisions that waivers or consents by a party may not be given effect unless in writing or in compliance with particular requirements or that a person's course of dealing, course of performance, or the like or failure or delay in taking action may not constitute a waiver of related rights or provisions or that one or more waivers may not under certain circumstances constitute a waiver of other matters of the same kind.
  - (i) The effect of course of dealing, course of performance, or the like, that would modify the terms of an agreement or the respective rights or obligations of the parties under an agreement.
  - (j) The possible unenforceability of provisions that enumerated remedies are not exclusive or that a party has the right to pursue multiple remedies without regard to other remedies elected or that all remedies are cumulative.
  - (k) The possible unenforceability of provisions that determinations by a party or a party's designee are conclusive or deemed conclusive.
  - (l) The possible unenforceability of provisions permitting modifications or amendments of an agreement only in writing.
  - (m) The possible unenforceability of provisions that the provisions of an agreement are severable.
  - (n) The effect of laws requiring mitigation of damages.
  - (o) The possible unenforceability of provisions permitting the exercise, under certain circumstances, of rights without notice or without providing opportunity to cure failures to perform.
  - (p) The effect of agreements or provisions in the Transaction Documents as to rights of set off otherwise than in accordance with the applicable law.
  - (q) The effect of laws that govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs.
  - (r) The possible unenforceability of Section 6.01(h)(ii) of the Credit Agreement.
  - (s) The following matters, including their effects and the effects of noncompliance, are not covered by implication or otherwise in any opinion expressed herein: (a) any statutes, administrative decisions, ordinances, rules or regulations of any county, municipality or other political subdivision of any state, (b) antitrust and unfair competition law, (c) securities law, (d) fiduciary obligations, (e) pension and employee benefit law (e.g., ERISA), (f) fraudulent transfer law, (g) environmental law, (h) land use and subdivision law, (i) Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (j) Exon-
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Florio Amendment under the Omnibus Trade and Competitiveness Act of 1988, (k) bulk transfer law, (l) tax law, (m) patent, copyright, trademark and other intellectual property law, (n) racketeering law (e.g., RICO), (o) criminal statutes of general application (e.g., mail fraud and wire fraud), (p) occupational health and safety law (e.g., OSHA), (q) labor law, (r) law concerning national or local emergency, possible deference to acts of sovereign states, and criminal and civil forfeiture laws, (s) law relating to permissible rates, computations, or disclosure of interest (e.g., usury), (t) any laws, regulations, directives and executive orders that prohibit or limit the enforceability of obligations based on attributes of the party seeking enforcement (e.g., the Trading with the Enemy Act and the International Emergency Economic Powers Act), (u) the Anti-Terrorism Order, as amended, all rules and regulations promulgated thereunder and all Federal, state and local laws, statutes, ordinances, orders, governmental rules, regulations, licensing requirements and policies relating to the Anti-Terrorism Order (including without limitation the Executive order of September 23, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit and Threaten to Commit or Support Terrorism) and the ownership and operation of, or otherwise regulation of, companies that conduct, operate or otherwise pursue the business or businesses now and in the future conducted, operated or otherwise pursued by either the Borrower or the Parent including, without limitation, the importation, transportation, manufacturing, dealing, purchase, use or storage of explosive materials, and (v) the USA Patriot Act of 2001 and the rules, regulations and policies promulgated thereunder and any foreign assets control regulations of the United States Treasury Department or any enabling legislation or orders relating thereto.

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**EXHIBIT F**

**FORM OF OPINION OF U.K. COUNSEL  
FOR THE BORROWER**

*See attached.*

F-1

Form of Opinion of U.K. Counsel for the Borrower

Linklaters LLP  
One Silk Street  
London EC2Y 8HQ  
Telephone (+44) 20 7456 2000  
Facsimile (+44) 20 7456 2222  
DX Box Number 10 CDE

To the Administrative Agent and  
the Lenders from time to time party to the Agreement  
(as defined below)  
c/o Bank of America, N.A.

Dear Sirs

## 1 Introduction

We have acted as English legal advisers to Invesco Finance PLC (the “ **Borrower** ”) in its capacity as the borrower in connection with a U.S.\$1,250,000,000 5-year credit agreement (with an option to increase the total commitments to a maximum amount of \$1,500,000,000) dated as of 17 December 2013 between, amongst others, the Borrower, Invesco Ltd., a company organised under the laws of Bermuda, the Lenders named in it and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (the “ **Agreement** ”) and the promissory notes to be issued to each of the Lenders named in the Agreement pursuant to the Agreement (the “ **Notes** ”).

## 2 English Law

This opinion is limited to English law as applied by the English courts and published and in effect on the date of this opinion. It is given on the basis that it and all matters relating to it will be governed by, and that it (including all terms used in it) will be construed in accordance with, English law.

## 3 Scope of Inquiry

For the purpose of this opinion, we have examined the following documents:

- 3.1 A PDF copy of the executed Agreement.
  - 3.2 A template form of Note.
  - 3.3 A copy of the Certificate of Incorporation and the Certificates of Incorporation on Change of Name of the Borrower.
  - 3.4 A copy of the Memorandum and Articles of Association of the Borrower.
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- 3.5 A copy of a written resolution of the Directors of the Borrower dated 12 December 2013.
- 3.6 A certificate from the Borrower, dated 17 December 2013 in relation to the documents referred to above.
- 3.7 The results of an on-line search in respect of the Borrower on the Companies House Direct Service made on 17 December 2013 at 10.14 AM (the " **Search** ").
- 3.8 The results of a telephone search in respect of the Borrower at the Central Register of Winding Up Petitions made on 17 December 2013 at 10.39 AM (the " **Telephone Search** ").

#### 4 **Assumptions**

For the purpose of this opinion, we have made the following assumptions:

- 4.1 All copy documents conform to the originals and all originals are genuine and complete.
  - 4.2 Each signature is the genuine signature of the individual concerned.
  - 4.3 The documents referred to in paragraphs 3.3 and 3.4 are up-to-date.
  - 4.4 The written resolutions referred to in paragraph 3.5 were validly passed and remain in full force and effect without modification.
  - 4.5 The Agreement and the Notes are within the capacity and powers of, and have been validly authorised and signed by, each party other than the Borrower.
  - 4.6 The Agreement and the Notes have been signed on behalf of the Borrower by the person(s) authorised by the written resolution referred to in paragraph 3.5.
  - 4.7 The Agreement and the Notes are valid, binding and enforceable on each party under New York law by which they are expressed to be governed.
  - 4.8 The Agreement and the Notes have the same meaning and effect under New York law as they would have if they were interpreted under English law by an English court and there are no provisions of New York law which would affect this opinion.
  - 4.9 There are no dealings between the parties that affect the Agreement or the Notes.
  - 4.10 None of the proceeds of the facilities provided pursuant to the Agreement will be used directly or indirectly to finance or refinance an acquisition of shares in contravention of Sections 678 or 679 of the Companies Act 2006 (as amended).
  - 4.11 All applicable provisions of the Financial Services and Markets Act 2000 and any applicable secondary legislation made under it have been complied with with respect to the Agreement and the Notes.
  - 4.12 The Notes are not and will not be offered or sold in the UK, except to any person whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses and no public offer of the Notes will be made in the UK, except in the circumstances set out in Section 86 of the Financial Services and Markets Act 2000.
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**4.13** With respect to the Notes, this opinion speaks as if the Notes have been entered into on the date of the Agreement in all material respects in the same form as the template referred to in paragraph 3.2.

## **5 Opinion**

Based on the documents referred to and assumptions in paragraphs 3 and 4 and subject to the qualifications in paragraph 6 and to any matters not disclosed to us, we are of the following opinion:

- 5.1** The Borrower has been incorporated and is existing as a company with limited liability under the laws of England.
- 5.2** The Borrower has the corporate power to enter into and perform the Agreement and the Notes.
- 5.3** The Borrower has taken all necessary corporate action to authorise its entry into and performance of the Agreement and the Notes.
- 5.4** Under English law, there are no governmental or regulatory consents, approvals or authorisations required by the Borrower for its entry into and performance of the Agreement or the Notes.
- 5.5** Under English law, there are no registration, filing or similar formalities required to ensure the legality, validity, binding effect and enforceability against the Borrower of the Agreement or the Notes.
- 5.6** The entry into and performance of the Agreement and the Notes by the Borrower does not violate English law or the Memorandum or Articles of Association of the Borrower.
- 5.7** Save for in the circumstances set out in paragraphs 6.11 and 6.12, if proceedings were brought before the English courts and the choice of New York law as the governing law of the Agreement is pleaded and proved as a fact in accordance with English procedural and evidential rules, the choice of New York law as the governing law of the Agreement would be recognised in England.
- 5.8** A final and conclusive judgment against the Borrower for the payment of a specific sum of money rendered by a United States Federal or New York State court sitting in New York City arising out of or in connection with the Agreement or the Notes will be recognised by and enforceable in the English courts as creating a debt enforceable against the Borrower if:
- (i) the foreign court had jurisdiction over the Borrower in accordance with English law (and, in our opinion, for these purposes, the English courts will recognise a contractual submission to the jurisdiction of a United States Federal or New York State court sitting in New York City);
  - (ii) the foreign judgment was not contrary to English public policy, for multiple damages or based on a provision of law specified under the Protection of Trading Interests Act 1980 nor obtained by fraud or in breach of the rules of natural justice;
  - (iii) the foreign judgment was not inconsistent with an earlier judgment relating to the same issue of a court having jurisdiction over the matter;
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- (iv) the foreign judgment does not require the Borrower to perform an act which would be illegal in the country of performance; and
- (v) the foreign proceedings were not of a revenue or penal nature.

**5.9** No stamp duty or registration or similar tax is payable under English law in connection with the parties entering into the Agreement or the Notes.

## **6 Qualifications**

This opinion is subject to the following qualifications:

- 6.1** This opinion is subject to any limitations arising from bankruptcy, insolvency, liquidation, moratorium, reorganisation and other laws of general application relating to or affecting the rights of creditors.
  - 6.2** The enforcement in England of the Agreement, the Notes and of foreign judgments will be subject to English rules of civil procedure.
  - 6.3** In England, remedies such as specific performance and injunction may not be available.
  - 6.4** An English court may not give effect to Section 8.04 ( *Expenses; Indemnity; Damage Waiver* ) of the Agreement in respect of the costs of litigation brought before an English court.
  - 6.5** A certificate, determination, notification, opinion or the like might be held by the English courts not to be conclusive, final or binding if it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error despite any provision in the Agreement to the contrary.
  - 6.6** We do not express any opinion as to any taxation matters, except for paragraphs 5.9.
  - 6.7** Claims may become barred under the Limitation Act 1980.
  - 6.8** So far as they relate to United Kingdom stamp duties, the undertakings and indemnities given by the Borrower in Section 2.15 ( *Taxes* ) of the Agreement may be void under Section 117 of the Stamp Act 1891.
  - 6.9** Any provision of the Agreement which constitutes, or purports to constitute, a restriction on the exercise of any statutory power may be ineffective.
  - 6.10** Our opinion that the Borrower is existing is based on the Search and the Telephone Search. It should be noted that the Search and the Telephone Search are not capable of revealing conclusively whether or not a winding-up or administration petition or order has been presented or made, a receiver appointed, a company voluntary arrangement proposed or approved or any other insolvency proceeding commenced.
  - 6.11** If proceedings were brought before the English courts, effect may be given to the overriding mandatory provisions of the law of the country where the obligations arising out of a contract have to be or have been performed, in so far as those provisions render the performance of the contract unlawful. In such circumstances, the relevant obligations may not be enforceable.
  - 6.12** Further circumstances referred to in paragraph 5.7 are as follows:
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- (a) where all other elements relevant to the Agreement at the time of the choice are located in:
  - (i) a country other than the United States, it is possible that the choice of New York law will not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement;
  - (ii) one or more EU Member States, it is possible that the choice of New York law will not prejudice the application of provisions of EU law (where appropriate, as implemented in England) which cannot be derogated from by agreement;
- (b) the English courts may have regard to the law of the country in which performance takes place in relation to the manner of performance and the steps to be taken in the event of defective performance; and
- (c) the English courts may not be restricted from applying overriding mandatory provisions of English law and if there is a provision of New York law that is manifestly incompatible with English public policy, it is possible that the English courts may not apply it.

## **7 Reliance**

This opinion is solely for your benefit and solely for the purpose of the Agreement and the Notes. It is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any other purpose or quoted or referred to in any public document or filed with anyone without our written consent, except as otherwise required by law or regulation or in connection with any legal proceedings in relation to the Agreement or the Notes, and provided that a copy may be provided to your professional advisers, auditors and regulators, solely for the purpose of the Agreement and the Notes and of giving their opinion and subject to the same restrictions.

Yours faithfully

**Linklaters LLP**

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**EXHIBIT G**

**FORM OF OPINION OF BERMUDA COUNSEL FOR THE PARENT**

*See attached.*

G-1

Form of Opinion of Bermuda Counsel for the Parent

Dear Sirs

**Invesco Ltd. (Company)**

We have acted as Bermuda legal counsel to the Company in connection with the second amended and restated credit agreement among Invesco Finance PLC, as Borrower, the Company, as Parent, Bank of America, N.A., as administrative agent for the Lenders ( **Administrative Agent** ), Swing Line Lender and L/C Issuer, and each of the Initial Lenders ( **Second Amended and Restated Credit Agreement** ). We have been asked to provide this legal opinion in connection with Section 3.01(c)(viii) of the Second Amended and Restated Credit Agreement in respect of the following agreements:

- (i) the Second Amended and Restated Credit Agreement; and
- (ii) the Second Amended and Restated Parent Guaranty.

(The Second Amended and Restated Credit Agreement and the Second Amended and Restated Parent Guaranty are hereinafter collectively referred to as the **Subject Agreements** )

For the purposes of this opinion we have examined and relied upon the documents ( **Documents** ) listed, and in some cases defined, in the schedule to this opinion ( **Schedule** ) together with such other documentation as we have considered requisite to this opinion. Unless otherwise defined herein, capitalised terms have the meanings assigned to them in the Second Amended and Restated Credit Agreement.

**1. Assumptions**

In stating our opinion we have assumed:

- 1.1 the authenticity, accuracy and completeness of all Documents and other documentation examined by us submitted to us as originals and the conformity to authentic original documents of all Documents and other such documentation submitted to us as certified, conformed, notarised, faxed or photostatic copies;
  - 1.2 that each of the Documents and other such documentation which was received by electronic means is complete, intact and in conformity with the transmission as sent;
  - 1.3 the genuineness of all signatures on the Documents;
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- 1.4 the authority, capacity and power of each of the persons signing the Documents (other than the Company in respect of the Subject Agreements);
  - 1.5 that any representation, warranty or statement of fact or law, other than as to the laws of Bermuda, made in any of the Documents is true, accurate and complete;
  - 1.6 that the Subject Agreements constitute the legal, valid and binding obligations of each of the parties thereto, other than the Company, under the laws of its jurisdiction of incorporation or its jurisdiction of formation;
  - 1.7 that the Subject Agreements have been validly authorised, executed and delivered by each of the parties thereto, other than the Company, and the performance thereof is within the capacity and powers of each such party thereto, and that each such party to which the Company purportedly delivered the Subject Agreements has actually received and accepted delivery of such Subject Agreements;
  - 1.8 that the Subject Agreements will effect, and will constitute legal, valid and binding obligations of each of the parties thereto, enforceable in accordance with their terms, under the laws of the State of New York by which they are expressed to be governed;
  - 1.9 that the Subject Agreements are in the proper legal form to be admissible in evidence and enforced in the courts of the State of New York sitting in New York County and the United States District Court of the Southern District of New York ( **New York Courts** ) and in accordance with the laws of the State of New York;
  - 1.10 that there are no provisions of the laws or regulations of any jurisdiction other than Bermuda which would be contravened by the execution or delivery of the Subject Agreements or which would have any implication in relation to the opinion expressed herein and that, in so far as any obligation under, or action to be taken under, the Subject Agreements is required to be performed or taken in any jurisdiction outside Bermuda, the performance of such obligation or the taking of such action will constitute a valid and binding obligation of each of the parties thereto under the laws of that jurisdiction and will not be illegal by virtue of the laws of that jurisdiction;
  - 1.11 that none of the parties to the Subject Agreements maintains a place of business (as defined in section 4(6) of the Investment Business Act 2003), in Bermuda;
  - 1.12 that the records which were the subject of the Company Search were complete and accurate at the time of such search and disclosed all information which is material for the purposes of this opinion and such information has not since the date and time of the Company Search been materially altered;
  - 1.13 that the records which were the subject of the Litigation Search were complete and accurate at the time of such search and disclosed all information which is material for the purposes of this opinion and such information has not since the date and time of the Litigation Search been materially altered;
  - 1.14 that the Resolutions are in full force and effect, have not been rescinded, either in whole or in part, and accurately record the resolutions passed by the Board of Directors of the Company ( **Board** ) in a meeting which was duly convened and at which a duly constituted quorum was present and voting throughout and that there is no matter affecting the authority of the Directors of the Company to effect entry by the Company into the Subject Agreements, not disclosed by the Constitutional Documents or the Resolutions, which would have any adverse implication in relation to the opinions expressed herein;
  - 1.15 that the Administrative Agent and the Lenders from time to time party to the Second Amended and Restated Credit Agreement have no express or constructive knowledge of any circumstance whereby any Director of the Company, when the Board
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adopted the Resolutions, failed to discharge his fiduciary duty owed to the Company and to act honestly and in good faith with a view to the best interests of the Company;

- 1.16 that the Company has entered into its obligations under the Subject Agreements in good faith for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing that the transactions contemplated by the Subject Agreements would benefit the Company; and
- 1.17 that each transaction to be entered into pursuant to the Subject Agreements is entered into in good faith and for full value and will not have the effect of preferring one creditor over another.

## 2. **Opinion**

Based upon and subject to the foregoing and subject to the reservations set out below and to any matters not disclosed to us, we are of the opinion that:

- 2.1 The Company is an exempted company incorporated with limited liability and existing under the laws of Bermuda. The Company possesses the capacity to sue and be sued in its own name and is in good standing under the laws of Bermuda.
  - 2.2 The Company has all requisite corporate power and authority to enter into, execute, deliver, and perform its obligations under the Subject Agreements and to take all action as may be necessary to complete the transactions contemplated thereby.
  - 2.3 The execution, delivery and performance by the Company of the Subject Agreements and the transactions contemplated thereby have been duly authorised by all necessary corporate action on the part of the Company.
  - 2.4 The Subject Agreements have been duly executed by the Company and each constitutes legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms.
  - 2.5 Subject as otherwise provided in this opinion, no consent, licence or authorisation of, filing with, or other act by or in respect of, any governmental authority or court of Bermuda is required to be obtained by the Company in connection with the execution, delivery or performance by the Company of the Subject Agreements or to ensure the legality, validity, admissibility into evidence or enforceability as to the Company, of the Subject Agreements.
  - 2.6 The execution, delivery and performance by the Company of the Subject Agreements and the transactions contemplated thereby do not and will not violate, conflict with or constitute a default under (i) any requirement of any law or any regulation of Bermuda or (ii) the Constitutional Documents.
  - 2.7 The choice of the laws of the State of New York as the proper law to govern the Subject Agreements is a valid choice of law under Bermuda law and such choice of law would be recognised, upheld and applied by the courts of Bermuda as the proper law of the Subject Agreements in proceedings brought before them in relation to the Subject Agreements, provided that (i) the point is specifically pleaded; (ii) such choice of law is valid and binding under the laws of the State of New York; and (iii) recognition would not be contrary to public policy as that term is understood under Bermuda law (and, as at the date of this opinion, we are not aware of any reason why such recognition would be contrary to public policy as that term is understood under Bermuda law).
  - 2.8 The submission by the Company to the jurisdiction of the New York Courts is not contrary to Bermuda law and would be recognised by the courts of Bermuda as a legal, valid and binding submission to the jurisdiction of the New York Courts, if such submission is accepted by such courts and is legal, valid and binding under the laws of the State of New York.
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2.9 A final and conclusive judgment of a competent foreign court against the Company based upon the Subject Agreements (other than a court of jurisdiction to which The Judgments (Reciprocal Enforcement) Act 1958 applies, and it does not apply to the New York Courts) under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature, in respect of a fine or other penalty, or in respect of multiple damages as defined in The Protection of Trading Interests Act 1981) may be the subject of enforcement proceedings in the Supreme Court of Bermuda under the common law doctrine of obligation by action on the debt evidenced by the judgment of such competent foreign court. A final opinion as to the availability of this remedy should be sought when the facts surrounding the foreign court's judgment are known, but, on general principles, we would expect such proceedings to be successful provided that:

2.9.1 the court which gave the judgment was competent to hear the action in accordance with private international law principles as applied in Bermuda; and

2.9.2 the judgment is not contrary to public policy in Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice and is not based on an error in Bermuda law.

Enforcement of such a judgment against assets in Bermuda may involve the conversion of the judgment debt into Bermuda dollars, but the Bermuda Monetary Authority has indicated that its present policy is to give the consents necessary to enable recovery in the currency of the obligation.

No stamp duty or similar or other tax or duty is payable in Bermuda on the enforcement of a foreign judgment. Court fees will be payable in connection with proceedings for enforcement.

2.10 Based solely upon the Company Search and the Litigation Search:

2.10.1 no litigation, administrative or other proceeding of or before any governmental authority of Bermuda is pending against the Company; and

2.10.2 no notice to the Registrar of Companies of the passing of a resolution of members or creditors to wind up or the appointment of a liquidator or receiver has been given. No petition to wind up the Company or application to reorganise its affairs pursuant to a scheme of arrangement or application for the appointment of a receiver has been filed with the Supreme Court.

2.11 The Company has received an assurance from the Ministry of Finance granting an exemption, until 31 March 2035, from the imposition of tax under any applicable Bermuda law computed on profits or income or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, provided that such exemption shall not prevent the application of any such tax or duty to such persons as are ordinarily resident in Bermuda and shall not prevent the application of any tax payable in accordance with the provisions of the Land Tax Act 1967 or otherwise payable in relation to land in Bermuda leased to the Company. There are, subject as otherwise provided in this opinion, no Bermuda taxes, stamp or documentary taxes, duties or similar charges now due, or which could in the future become due, in connection with the execution, delivery, performance or enforcement of the Subject Agreements or the transactions contemplated thereby, or in connection with the admissibility in evidence thereof and the Company is not required by any Bermuda law or regulation to make any deductions or withholdings in Bermuda from any payment it may make thereunder.

### 3. **Reservations**

We have the following reservations:

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- 3.1 The term “enforceable” as used in this opinion means that there is a way of ensuring that each party performs an agreement or that there are remedies available for breach.
- 3.2 We express no opinion as to the availability of equitable remedies such as specific performance or injunctive relief, or as to any matters which are within the discretion of the courts of Bermuda in respect of any obligations of the Company as set out in the Subject Agreements. In particular, we express no opinion as to the enforceability of any present or future waiver of any provision of law (whether substantive or procedural) or of any right or remedy which might otherwise be available presently or in the future under the Subject Agreements.
- 3.3 Enforcement of the obligations of the Company under the Subject Agreements may be limited or affected by applicable laws from time to time in effect relating to bankruptcy, insolvency or liquidation or any other laws or other legal procedures affecting generally the enforcement of creditors’ rights.
- 3.4 Enforcement of the obligations of the Company may be the subject of a statutory limitation of the time within which such proceedings may be brought.
- 3.5 We express no opinion as to any law other than Bermuda law and none of the opinions expressed herein relates to compliance with or matters governed by the laws of any jurisdiction except Bermuda. This opinion is limited to Bermuda law as applied by the Courts of Bermuda at the date hereof.
- 3.6 Where an obligation is to be performed in a jurisdiction other than Bermuda, the courts of Bermuda may refuse to enforce it to the extent that such performance would be illegal under the laws of, or contrary to public policy of, such other jurisdiction.
- 3.7 We express no opinion as to the validity, binding effect or enforceability of any provision incorporated into any of the Subject Agreements by reference to a law other than that of Bermuda, or as to the availability in Bermuda of remedies which are available in other jurisdictions.
- 3.8 Where a person is vested with a discretion or may determine a matter in his or its opinion, such discretion may have to be exercised reasonably or such an opinion may have to be based on reasonable grounds.
- 3.9 Any provision in the Subject Agreements that certain calculations or certificates will be conclusive and binding will not be effective if such calculations or certificates are fraudulent or erroneous on their face and will not necessarily prevent juridical enquiries into the merits of any claim by an aggrieved party.
- 3.10 We express no opinion as to the validity or binding effect of any provision in the Subject Agreements for the payment of interest at a higher rate on overdue amounts than on amounts which are current, or that liquidated damages are or may be payable. Such a provision may not be enforceable if it could be established that the amount expressed as being payable was in the nature of a penalty; that is to say a requirement for a stipulated sum to be paid irrespective of, or necessarily greater than, the loss likely to be sustained. If it cannot be demonstrated to the Bermuda court that the higher payment was a reasonable pre-estimate of the loss suffered, the court will determine and award what it considers to be reasonable damages. Section 9 of The Interest and Credit Charges (Regulations) Act 1975 provides that the Bermuda courts have discretion as to the amount of interest, if any, payable on the amount of a judgment after date of judgment. If the Court does not exercise that discretion, then interest will accrue at the statutory rate which is currently 7% per annum.
- 3.11 We express no opinion as to the validity or binding effect of any provision of the Subject Agreements which provides for the severance of illegal, invalid or unenforceable provisions.
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- 3.12 A Bermuda court may refuse to give effect to any provisions of the Subject Agreements in respect of costs of unsuccessful litigation brought before the Bermuda court or where that court has itself made an order for costs.
- 3.13 Searches of the Register of Companies at the office of the Registrar of Companies and of the Supreme Court Causes Book at the Registry of the Supreme Court are not conclusive and it should be noted that the Register of Companies and the Supreme Court Causes Book do not reveal:
- 3.13.1 details of matters which have been lodged for filing or registration which as a matter of best practice of the Registrar of Companies or the Registry of the Supreme Court would have or should have been disclosed on the public file, the Causes Book or the Judgment Book, as the case may be, but for whatever reason have not actually been filed or registered or are not disclosed or which, notwithstanding filing or registration, at the date and time the search is concluded are for whatever reason not disclosed or do not appear on the public file, the Causes Book or Judgment Book;
  - 3.13.2 details of matters which should have been lodged for filing or registration at the Registrar of Companies or the Registry of the Supreme Court but have not been lodged for filing or registration at the date the search is concluded;
  - 3.13.3 whether an application to the Supreme Court for a winding-up petition or for the appointment of a receiver or manager has been prepared but not yet been presented or has been presented but does not appear in the Causes Book at the date and time the search is concluded;
  - 3.13.4 whether any arbitration or administrative proceedings are pending or whether any proceedings are threatened, or whether any arbitrator has been appointed; or
  - 3.13.5 whether a receiver or manager has been appointed privately pursuant to the provisions of a debenture or other security, unless notice of the fact has been entered in the Register of Charges in accordance with the provisions of the Companies Act 1981.

Furthermore, in the absence of a statutorily defined system for the registration of charges created by companies incorporated outside Bermuda ( **overseas companies** ) over their assets located in Bermuda, it is not possible to determine definitively from searches of the Register of Charges maintained by the Registrar of Companies in respect of such overseas companies what charges have been registered over any of their assets located in Bermuda or whether any one charge has priority over any other charge over such assets.

- 3.14 In order to issue this opinion we have carried out the Company Search and have not enquired as to whether there has been any change since the date of such search.
- 3.15 In order to issue this opinion we have carried out the Litigation Search and have not enquired as to whether there has been any change since the date of such search.
- 3.16 In paragraph 2.1 above, the term “good standing” means that the Company has received a Certificate of Compliance from the Registrar of Companies.

#### 4. **Disclosure**

This opinion is addressed to you solely for your benefit and is neither to be transmitted to any other person (other than your legal advisors, accountants and auditors), nor relied upon by any other person or for any other purpose nor quoted or referred to in any

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public document nor filed with any governmental agency or person, without our prior written consent, except as may be required by law or regulatory authority. Further, this opinion speaks as of its date and is strictly limited to the matters stated herein and we assume no obligation to review or update this opinion if applicable law or the existing facts or circumstances should change.

This opinion is governed by and is to be construed in accordance with Bermuda law. It is given on the basis that it will not give rise to any legal proceedings with respect thereto in any jurisdiction other than Bermuda.

Yours faithfully

**Appleby (Bermuda) Limited**

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## SCHEDULE

1. The entries and filings shown in respect of the Company on the file of the Company maintained in the Register of Companies at the office of the Registrar of Companies in Hamilton, Bermuda, as revealed by a search conducted on 17 December 2013 at 8:30 am (Bermuda time) ( **Company Search** ).
2. The entries and filings shown in respect of the Company in the Supreme Court Causes Book maintained at the Registry of the Supreme Court in Hamilton, Bermuda, as revealed by a search conducted on 17 December 2013 at 8:45 am (Bermuda time) ( **Litigation Search** ).
3. Certified copies of the Certificate of Incorporation, Memorandum of Association and Amended and Restates Bye-Laws of the Company (collectively referred to as **Constitutional Documents** ).
4. A Certificate of Compliance, dated 17 December 2013 issued by the Registrar of Companies in respect of the Company.
5. A certified extract of resolutions of the Board of Directors of the Company passed at a meeting of the Board of Directors of the Company on 30 October 2013 ( **Resolutions** ).
6. A certified copy of the “Foreign Exchange Letter”, dated 12 September 2007, issued by the Bermuda Monetary Authority, Hamilton Bermuda in relation to the Company.
7. A certified copy of the “Tax Assurance”, dated 22 November 2012, issued by the Registrar of Companies in respect to the Company.
8. A certified copy of the Register of Directors and Officers in respect of the Company dated 17 December 2013.
9. A PDF copy of the executed Second Amended and Restated Credit Agreement.
10. A PDF copy of the executed Second Amended and Restated Parent Guaranty dated 17 December 2013 between the Company in favour of the Administrative Agent and the Lenders ( **Second Amended and Restated Guaranty** ).

## EXHIBIT H

### FORM OF COMPLIANCE CERTIFICATE

Statement Date: \_\_\_\_\_, \_\_\_\_\_

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Credit Agreement dated as of December 17, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the “ Credit Agreement ”), among INVESCO FINANCE PLC, a company organized under the laws of England and Wales (the “ Borrower ”), INVESCO LTD. (the “ Parent ”), the Lenders from time to time party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Capitalized terms used but not defined herein shall have the meanings specified therefor in the Credit Agreement.

The undersigned hereby certifies as of the date hereof that he/she is the chief financial officer of the Parent, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Administrative Agent on the behalf of the Parent and the Borrower, and that:

[Use following paragraph 1 for fiscal **year-end** financial statements]

1. The Parent has delivered the audited financial statements required by Section 5.01(h)(ii) of the Credit Agreement for the fiscal year of the Parent ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for fiscal **quarter-end** financial statements]

1. The Parent has delivered the unaudited financial statements required by Section 5.01(h)(i) of the Credit Agreement for the fiscal quarter of the Parent ended as of the above date. Such financial statements fairly present the financial condition, results of operations and cash flows of the Parent and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Parent and the Borrower during the accounting period covered by such financial statements.

3. A review of the activities of the Parent and the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Parent and the Borrower performed and observed all its Obligations under the Loan Documents, and

*[select one:]*

**[to the best knowledge of the undersigned during such fiscal period, each of the Parent and the Borrower performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default has occurred and is continuing.]**

**--or--**

**[to the best knowledge of the undersigned, during such fiscal period the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]**

4. The financial covenant analyses and information set forth on Schedule 1 attached hereto are true and accurate on and as of the date of this Compliance Certificate.

*IN WITNESS WHEREOF*, the undersigned has executed this Compliance Certificate as of \_\_\_\_\_,  
\_\_\_\_\_.

**INVESCO LTD.**

By: \_\_  
Name: \_\_  
Title: \_\_

For the Month/Quarter/Year ended \_\_\_\_\_ (“Statement Date”)

**SCHEDULE 1**  
to the Compliance Certificate  
(\$ in 000's)

**I. Section 5.03(a) – Debt/EBITDA Ratio.**

A. Adjusted Debt less excluded items as of Statement Date:



1. Adjusted Debt: \$ \_\_\_\_\_
2. Subsidiary Non-Recourse Debt: \$ \_\_\_\_\_
3. Liabilities with respect to the Office Equipment Sale and Leaseback Lease (so long as the Parent and its Subsidiaries own 100% of the Office Equipment Sale and Leaseback Bonds): \$ \_\_\_\_\_
4. Qualified Equity Portion of Qualified Securities to the extent such amount is otherwise included in Adjusted Debt: \$ \_\_\_\_\_
5. Permitted Unit Investment Trust Debt: \$ \_\_\_\_\_
6. Adjusted Debt less excluded items for purposes of computing the Debt/EBITDA Ratio (Lines I.A.1 – 2 – 3 – 4 – 5): \$ \_\_\_\_\_

B. EBITDA less excluded items for four consecutive fiscal quarters ending on above date (“Subject Period”):

1. Net income of the Parent and its Subsidiaries, on a consolidated basis, excluding consolidated investment products, for Subject Period: \$ \_\_\_\_\_
2. Interest expense for Subject Period: \$ \_\_\_\_\_
3. Income tax expense for Subject Period: \$ \_\_\_\_\_
4. Depreciation expense for Subject Period: \$ \_\_\_\_\_
5. Amortization expense for Subject Period: \$ \_\_\_\_\_
6. Extraordinary losses for Subject Period: \$ \_\_\_\_\_
7. Exceptional losses for Subject Period: \$ \_\_\_\_\_
8. Non-cash charges exclusive of any non-cash charge to the extent it represents a reserve for cash expenditures in any future period for Subject Period: \$ \_\_\_\_\_
9. Extraordinary gains for Subject Period: \$ \_\_\_\_\_
10. Exceptional gains for Subject Period: \$ \_\_\_\_\_
11. Non-cash gains exclusive of gains for which the Parent expects cash proceeds in a future period for Subject Period: \$ \_\_\_\_\_
12. EBITDA (Lines I.B.1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 – 9 – 10 – 11): \$ \_\_\_\_\_
13. Portion of EBITDA attributable to the net income, expenses, losses, charges and gains of each Special Purpose Subsidiary: \$ \_\_\_\_\_
14. EBITDA less excluded items for purposes of computing the Financial Covenants for Subject Period (Lines I.B.12 – 13): \$ \_\_\_\_\_

C. Debt/EBITDA Ratio as of the Statement Date (Line I.A.6 ÷ Line I.B.14): \_\_\_\_\_ to 1.00

**Maximum Permitted: 3.25 to 1.00**

## II. Section 5.03(b) – Coverage Ratio.

A. EBITDA less excluded items for purposes of computing the Financial Covenants for Subject Period (Line I.B.14): \$ \_\_\_\_\_

B. Interest payable on, and amortization of debt discount in respect of, Adjusted Debt (excluding from Adjusted Debt for purposes of computing this amount: (i) Subsidiary Non-Recourse Debt and (ii) so long as the Parent and its Subsidiaries own 100% of the Office Equipment Sale and Leaseback Bonds, liabilities with respect to the Office Equipment Sale and Leaseback Lease, in each case to the extent otherwise included in Adjusted Debt): \$ \_\_\_\_\_

C.Coverage Ratio as of the Statement Date as of the Statement Date (Line II.A ÷ Line II.B): \_\_\_ to 1.00

***Minimum Required: 4.00 to 1.00***

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**EXHIBIT I**

**FORM OF U.K. TAX COMPLIANCE CERTIFICATE**

Reference is made to that certain Second Amended and Restated Credit Agreement dated as of December 17, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the “ Credit Agreement ”), among INVESCO FINANCE PLC, a company organized under the laws of England and Wales (the “ Borrower ”), INVESCO LTD., the Lenders from time to time party thereto, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Capitalized terms used but not defined herein shall have the meanings specified therefor in the Credit Agreement.

The undersigned hereby certifies under penalty of perjury that:

(1) The undersigned is a “bank” within the meaning of Section 879 of the Income Tax Act 2007 of the United Kingdom; and

(2) The undersigned is within the charge to corporation tax in the United Kingdom with respect to payments under the Credit Agreement.

[ **NAME OF LENDER** ]

By: \_\_  
Name: \_\_  
Title: \_\_

Address:

[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]

Dated: \_\_\_\_\_, 20\_\_

## AIRCRAFT TIME SHARING AGREEMENT

**THIS AIRCRAFT TIME SHARING AGREEMENT** (this “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, between Invesco Group Services, Inc., a Delaware corporation (the “Lessor”), and \_\_\_\_\_ a (the “Lessee”).

### Background Statement

(A) The Lessor subleases (as sublessee) that certain \_\_\_\_\_ aircraft, bearing manufacturer’s serial number \_\_\_\_\_ and U.S. Registration Mark \_\_\_\_\_ (the “Aircraft”), pursuant to the terms of that certain Aircraft Sublease Agreement dated as of \_\_\_\_\_, between Horizon Flight Works LLC, a Delaware limited liability company, as “Sublessor” therein, and Lessor, as “Sublessee” therein (the “Sublease Agreement”);

(B) Under the Sublease Agreement, Lessor may operate the Aircraft in accordance with the provisions of 14 C.F.R. Part 91 (as now or hereafter existing, “Part 91”); and

(C) The parties now wish to enter into a “time sharing agreement” as described in section 91.501(c)(1) of Part 91, pursuant to which the Lessor will wet lease the Aircraft (with crew) to the Lessee, all in accordance with, and subject to, the terms and conditions of this Agreement.

### Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties hereto, each intending to be legally bound hereby, agree as follows:

1. DEFINITIONS. For purposes of this Agreement, the following terms shall have the following definitions:

“FAA” means the United States Federal Aviation Administration (or any successor agency).

“Flight” means each flight of the Aircraft operated by Lessor for Lessee under this Agreement.

“Pilot-in-Command” shall have the meaning ascribed to such term in 14 C.F.R. Part 1.1.

“Trip” means the outbound and the return Flights operated by Lessor for Lessee hereunder (including any interim Flights operated by the Lessor for the Lessee hereunder).

2. WET LEASE OF THE AIRCRAFT; TERM; PART 91.

(a) The Lessor hereby agrees to wet lease the Aircraft to the Lessee, and the Lessee hereby agrees to wet lease the Aircraft from the Lessor, all in accordance with, and subject to, the terms and conditions of this Agreement.

(b) The term of this Agreement will commence on the date hereof and will terminate automatically upon the expiration or termination of the Sublease Agreement, unless sooner terminated as provided herein (the “Term”).

(c) The parties intend that the wet lease created hereby is a “time sharing agreement” as described in section 91.501(c)(1) of Part 91. The rights and obligations of the parties hereto shall at all times be subject to the provisions of Part 91, including without limitation section 91.501 thereof, and in the event of any conflict between any terms of this Agreement and any provisions of Part 91, the provisions of Part 91 shall govern and control.

3. USE AND SCHEDULING OF THE AIRCRAFT. Subject to the terms and conditions of this Agreement, the Lessor hereby agrees to make available to the Lessee at any time and from time to time during the Term, the Aircraft and a crew qualified to operate the Aircraft, including the Pilot-in-Command, as follows:

(a) The Lessee may request the use of the Aircraft at any time and from time to time during the Term (each, a “Request”), pursuant to scheduling procedures to be developed between the parties.

(b) The Lessee’s right to use the Aircraft under this Agreement shall be limited to the carriage of the Lessee and his guests and invitees, and their respective baggage.

(c) The Lessor will maintain a separate log for all Flights operated by the Lessor for the Lessee under this Agreement, and will deliver copies of such logs to the Lessee upon his request.

4. FLIGHT CHARGES. The Lessee will compensate the Lessor for the use of the Aircraft and pilot services provided by the Lessor under the terms of this Agreement pursuant to their subsequent agreement or agreements at any time and from time to time during the Term, *provided* that, with respect to each Flight, such compensation shall not exceed the aggregate amount of expenses specifically described in Part 91.501(d)(1)-(9), inclusive, with respect to such Flight (collectively, the “Specific Flight Expenses”), together with all applicable federal passenger excise taxes thereon and any applicable state sales taxes on intrastate Flights. For the avoidance of doubt, the Specific Flight Expenses consist exclusively of the following:

- (a) Fuel, oil, lubricants, and other additives;
- (b) Travel expenses of the crew, including food, lodging, and ground transportation;
- (c) Hangar and tie-down costs away from the primary home base of the Aircraft;

- (d) Insurance obtained for the specific Flight;
- (e) Customs, foreign permit, and similar fees directly related to the Flight;
- (f) In flight food and beverages;
- (g) Passenger ground transportation;
- (h) Flight planning and weather contract services; and
- (i) An additional charge equal to 100 percent of the expenses listed in item (a) of this Section 4.

The Lessor will prepare and deliver to the Lessee an invoice showing the amount of all related Specific Flight Expenses (together with reasonable substantiation of such expenses) and the total amount due, if any, from the Lessee. Each such invoice shall be due and payable promptly to the Lessor by the Lessee. Under no circumstances shall the Lessee pay or provide any other or additional compensation to the Lessor, either directly or indirectly, for the use of the Aircraft or crew.

5. AIRCRAFT INSURANCE; AIRCRAFT MAINTENANCE; TAXES. As between the parties hereto, the Lessor shall be responsible, at its cost and expense, for all hull, liability and other insurance relating to the Aircraft and/or its operations, including the use and operation of the Aircraft on all Trips hereunder. In addition, the Lessor shall be responsible, at its cost and expense, for all scheduled and unscheduled maintenance work performed or to be performed on the Aircraft or any part thereof. The Lessor shall be responsible, at its cost and expense, for all property and other taxes associated with the ownership of the Aircraft.

6. RESPONSIBILITY FOR DAMAGE. The Lessor shall be responsible for all damage to, and loss of, the Aircraft or any part thereof; provided, however, that the Lessee shall be responsible for any damage to, or loss of, the Aircraft or any part thereof, caused by any negligence (active or passive) or willful act of the Lessee or any of its guests or invitees. All repair or replacement costs and expenses for which the Lessee is responsible under the terms of this Section shall be paid to the Lessor upon the written demand of the Lessor (which demand shall include reasonable substantiation of the applicable repair and/or replacement costs and expenses).

7. OPERATIONAL CONTROL OF THE AIRCRAFT; PILOT-IN-COMMAND. The Lessor shall have sole and exclusive operational control (as defined in FAR Part 1.1) of the Aircraft on all Flights. The Lessor, at its cost, shall provide the Pilot-in-Command, who shall be duly trained, licensed and qualified to operate the Aircraft. The Lessee shall obey, and shall cause its guests and invitees to obey, the commands and instructions of the Pilot-in-Command that, in any way, relate to the Aircraft or safety of flight matters.

8. DEFAULT AND REMEDIES. In the event the Lessee shall breach or violate any of the material terms or conditions of this Agreement, and the same is not promptly cured or remedied by the Lessee after written notice thereof from the Lessor, the Lessee shall be in default hereof. Upon the occurrence of such a default, the Lessor shall have the right to exercise any and/or rights or remedies available to the Lessor under this Agreement or otherwise existing at law and/or in equity, including the right to terminate this Agreement (without prejudicing any other rights available to the Lessor). All rights and remedies available to the Lessor hereunder shall be cumulative and not elective.

9. EARLY TERMINATION RIGHT; SURVIVAL . Notwithstanding any provision to the contrary herein contained, the parties agree and understand that Lessor and Lessee shall each have the right to terminate this Agreement at any time, by giving written notice thereof to the other party hereto, whereupon this Agreement shall terminate. Any rights or obligations of the parties existing upon the termination or expiration of this Agreement shall survive such termination or expiration.

10. NOTICES . All notices, requests, demands or other communication under this Agreement shall be in writing and shall be deemed to have been duly served on, given to or made in relation to a party if it is (a) left at the address of that party specified below or at such other address as that party may notify to the other party from time to time, (b) sent by courier to that party at that address, or (c) sent by facsimile to the facsimile number of that party specified below or to such other number as that party may notify the other party from time to time, and in each case be signed by or on behalf of the party giving, serving or making such notice. For purposes of this Agreement, all notices, requests, demands and other communications shall be addressed as follows:

If to the Lessor, to:

Invesco Group Services, Inc.  
Attn: Office of the General Counsel  
1555 Peachtree Street, N.E.  
Atlanta, GA 30309  
Fax: 404-962-8214

If to the Lessee, to:

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c/o Invesco  
1555 Peachtree Street, N.E.  
Atlanta, GA 30309

11. NO ASSIGNMENT . Neither party shall have the right to assign this Agreement, or any rights hereunder, to any other person or entity. In addition, neither party shall have the right to delegate to any other person or entity any of the duties, obligations or liabilities arising under this Agreement.

12. MISCELLANEOUS . This Agreement: (a) shall be governed by and construed in accordance with the substantive laws of the State of Georgia, without regard to conflicts of law principles; (b) represents the entire agreement between the parties hereto with respect to the subject matter hereof; (c) may not be altered or amended except pursuant to a written agreement signed and delivered by each of the parties hereto; (d) shall be binding upon and inure to the benefit of the parties hereto and their respective successors, and (e) may be executed in multiple counterparts and via facsimile. **THE PARTIES AGREE THAT THE COURTS OF THE STATE OF GEORGIA AND THE U.S. FEDERAL COURTS SITUATED IN THE STATE OF GEORGIA SHALL HAVE**

EXCLUSIVE JURISDICTION TO HEAR AND DECIDE ANY CASE, CONTROVERSY OR DISPUTE BETWEEN OR AMONG THE PARTIES AND ARISING UNDER OR PURSUANT TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THE PARTIES HEREBY SUBMIT THEMSELVES AND THEIR PROPERTIES TO THE JURISDICTION OF SUCH COURTS. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH PROCEEDINGS AND SUCH WAIVER SHALL APPLY TO ANY PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

13. TRUTH IN LEASING.

(a) THE LESSOR HAS MAINTAINED AND INSPECTED THE AIRCRAFT IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 91 FROM JUNE 30, 2011, TO THE DATE OF THIS AGREEMENT, AND THAT ALL APPLICABLE REQUIREMENTS FOR MAINTENANCE AND INSPECTION THEREUNDER HAVE BEEN COMPLIED WITH.

(b) THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT.

(c) AN EXPLANATION OF THE FACTORS BEARING ON OPERATIONAL CONTROL AND THE PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

(d) THE LESSOR HEREBY CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH THE APPLICABLE FEDERAL AVIATION REGULATIONS.

(e) THE PARTIES HERETO CERTIFY THAT A TRUE COPY OF THIS AGREEMENT SHALL BE CARRIED ON THE AIRCRAFT AT ALL TIMES, AND SHALL BE MADE AVAILABLE FOR INSPECTION UPON REQUEST BY AN APPROPRIATELY CONSTITUTED IDENTIFIED REPRESENTATIVE OF THE ADMINISTRATOR OF THE FAA.

[signatures appear on next page]



IN WITNESS WHEREOF, the undersigned have executed this Agreement, all as of the day and year first above written.

“Lessor”

Invesco Group Services, Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

“Lessee”

\_\_\_\_\_  
\_\_\_\_\_, Individually

## Company Subsidiary Report

| Company Name   | Jurisdiction            |
|--|-------------------------|
| Absolute Recovery Advisors                             | Delaware                |
| Absolute Recovery LLC                                  | Delaware                |
| Atlantic Wealth Holdings Limited                       | Oxfordshire             |
| Atlantic Wealth Management Limited                     | Oxfordshire             |
| C M Investment Nominees Limited                        | Oxfordshire             |
| Chancellor Citiventure 96 Partner (Cayman) Ltd.        | Grand Caymen            |
| Coff Associates (Cayman) Limited                       | Grand Caymen            |
| CPCO Associates (Cayman) Limited                       | Grand Caymen            |
| Elliot Associates Limited                              | Oxfordshire             |
| Finemost Limited                                       | Oxfordshire             |
| Fund Management Company                                | Texas                   |
| Horizon Flight Works LLC                               | Delaware                |
| Huaneng Invesco WLR Investment Consulting Company Ltd. | China                   |
| HVH Immobilien- und Beteiligungs GmbH                  | Germany                 |
| HVH USA, Inc.  | Delaware                |
| India Asset Recovery Management Limited                | Mauritius               |
| INVESCO (B.V.I.) NOMINEES LIMITED                      | Virgin Islands, British |
| Invesco Administration Services Limited                | Oxfordshire             |
| Invesco Advisers, Inc.                                 | Delaware                |
| Invesco Aim Global Holdings, Inc.                      | Delaware                |
| Invesco Aim Retirement Services, Inc.                  | Delaware                |
| Invesco Asian Real Estate Partners II (USD) LP         | Delaware                |
| INVESCO Asset Management (Bermuda) Ltd                 | Bermuda                 |
| Invesco Asset Management (Japan) Limited               | Japan                   |
| Invesco Asset Management Asia Limited                  | Hong Kong               |
| Invesco Asset Management Australia (Holdings) Ltd      | Victoria                |
| Invesco Asset Management Deutschland GmbH              | Germany                 |
| INVESCO Asset Management Ireland Holdings Limited      | Ireland                 |
| Invesco Asset Management Limited                       | Oxfordshire             |
| Invesco Asset Management Pacific Limited               | Hong Kong               |
| Invesco Asset Management SA                            | France                  |
| Invesco Asset Management Singapore Ltd                 | Singapore               |
| Invesco Asset Management Österreich GmbH               | Austria                 |
| Invesco Australia Investment Pty Ltd,                  | Victoria                |
| Invesco Australia Limited                              | Victoria                |
| Invesco Canada Holdings Inc.                           | Ontario                 |
| Invesco Canada Ltd.                                    | Ontario                 |
| Invesco (Cayman Islands) Ltd.                          | Cayman Islands          |
| Invesco Continental Europe Services SA                 | Belgium                 |
| Invesco Distributors, Inc.                             | Delaware                |
| Invesco Far East Limited                               | Oxfordshire             |

| <b>Company Name</b>                                    | <b>Jurisdiction</b> |
|--|---------------------|
| Invesco Finance Inc.                                   | Delaware            |
| Invesco Finance PLC                                    | Oxfordshire         |
| Invesco Fund Managers Limited                          | Oxfordshire         |
| INVESCO Funds Group, Inc.                              | Delaware            |
| INVESCO Global Asset Management Limited                | Ireland             |
| Invesco Global Asset Management (Bermuda) Ltd.         | Bermuda             |
| Invesco Global Investment Funds Limited                | Oxfordshire         |
| Invesco Global Real Estate Asia Pacific                | Delaware            |
| Invesco Great Wall Fund Management Co. Ltd.            | China               |
| Invesco Group Limited                                  | Oxfordshire         |
| Invesco Group Services, Inc.                           | Delaware            |
| Invesco GT Asset Management Limited                    | Oxfordshire         |
| Invesco Holding Company Limited                        | Oxfordshire         |
| INVESCO Holland B.V.                                   | Netherlands         |
| Invesco Hong Kong Limited                              | Hong Kong           |
| Invesco Hungary LLC                                    | Hungary             |
| Invesco (Hyderabad) Private Limited                    | India               |
| Invesco Inc.   | Nova Scotia         |
| Invesco Insurance Agency, Inc.                         | Delaware            |
| INVESCO International (Southern Africa) Limited        | South Africa        |
| Invesco International Holdings Limited                 | Oxfordshire         |
| INVESCO International Limited                          | Great Britain       |
| Invesco Investment Advisers LLC                        | Delaware            |
| Invesco Investment Services, Inc.                      | Delaware            |
| Invesco Investments (Bermuda) Ltd.                     | Bermuda             |
| Invesco Korean Real Estate Holdings LLC                | Delaware            |
| Invesco Ltd.   | Bermuda             |
| Invesco Management Company Limited                     | Ireland             |
| INVESCO Management GmbH                                | Germany             |
| Invesco Management Group, Inc.                         | Delaware            |
| INVESCO Management S.A.                                | Luxembourg          |
| INVESCO National Trust Company                         | Georgia             |
| Invesco North American Group Limited                   | Oxfordshire         |
| Invesco North American Holdings, Inc.                  | Delaware            |
| Invesco Pacific Group Limited                          | Oxfordshire         |
| Invesco Pacific Holdings Limited                       | Bermuda             |
| Invesco Pension Trustees Limited                       | Oxfordshire         |
| Invesco Perpetual Life Limited                         | Oxfordshire         |
| INVESCO Pacific Partner Ltd.                           | Bermuda             |
| INVESCO Polska Sp.z.o.o.                               | Poland              |
| INVESCO PowerShares Capital Management Ireland Limited | Ireland             |
| Invesco PowerShares Capital Management LLC             | Delaware            |
| INVESCO Private Capital Investments, Inc.              | Delaware            |
| Invesco Private Capital, Inc.                          | Delaware            |

| <b>Company Name</b>  | <b>Jurisdiction</b> |
|--|---------------------|
| INVESCO Real Estate Germany LLC                                    | Delaware            |
| Invesco Real Estate Germany, L.P.                                  | Delaware            |
| Invesco Real Estate GmbH   | Germany             |
| Invesco Real Estate Korea  | Republic of Korea   |
| Invesco Real Estate Limited  | United Kingdom      |
| Invesco Real Estate Management S.a.r.l.                            | Luxembourg          |
| INVESCO Real Estate s.r.o.   | Czech Republic      |
| Invesco Realty Asia I, Ltd.  | Cayman Island       |
| INVESCO Realty, Inc.   | Delaware            |
| Invesco Savings Scheme (Nominees) Limited                          | Oxfordshire         |
| Invesco Senior Secured Management, Inc.                            | Delaware            |
| Invesco Taiwan Limited   | Taiwan              |
| Invesco UK Holdings Limited  | Oxfordshire         |
| Invesco UK Limited   | Oxfordshire         |
| Invesco WLR Limited  | Hong Kong           |
| Invesco WLR Private Equity Investment Management Limited           | Hong Kong           |
| IPE Ross Management Ltd.   | New York            |
| IRE AF II, Ltd.  | Cayman Island       |
| IRE Advisors (Shanghai) Ltd.                                       | Shanghai            |
| IRE (China) Limited  | China               |
| IRE (Cayman) Limited   | Cayman Island       |
| IRE (Hong Kong) Limited  | Hong Kong           |
| IRE Japan, Ltd   | Tokyo               |
| IVZ Bahamas Private Limited  | Lyford Cay, Nassau  |
| IVZ Distributors, Inc.   | Delaware            |
| IVZ Finance Limited  | Ireland             |
| IVZ UK Limited   | Oxfordshire         |
| IVZ Mauritius Services Private Limited                             | Port Louis          |
| IVZ, Inc.  | Delaware            |
| James Bryant Limited   | Oxfordshire         |
| PCM Properties LLC   | Illinois            |
| Perpetual Limited  | Oxfordshire         |
| Perpetual Portfolio Management Limited                             | Oxfordshire         |
| Perpetual Unit Trust Management (Nominees) Limited                 | Oxfordshire         |
| POCZTYLION - ARKA POWSZECHNE TOWARZYSTWO EMERYTALNE SPOLKA AKCYJNA | Poland              |
| Religare Invesco Asset Management Company Private Ltd.             | India               |
| Religare Trustee Company Private Ltd.                              | India               |
| Ross CG Management LP  | New York            |
| Ross Expansion Associates LP                                       | New York            |
| Sermon Lane Nominees Limited                                       | Oxfordshire         |
| Sovereign G/P. Holdings Inc  | Delaware            |
| Taiyo Fund Management Co. LLC                                      | Delaware            |
| Tower Asiapac HoldCo. LLC  | Delaware            |
| Van Kampen Exchange Corp.  | California          |

| <b>Company Name</b>                             | <b>Jurisdiction</b> |
|---|---------------------|
| Van Kampen Seed LLC                             | Delaware            |
| VV Immobilien Verwaltungs GmbH                  | Germany             |
| VV Immobilien Verwaltungs und Beteiligungs GmbH | Germany             |
| VV USA LLC                                      | New Castle County   |
| WLR China Energy Associates Ltd                 | Cayman Islands      |
| WLR Euro Wagon Management Ltd.                  | New York            |
| W.L. Ross & Co. (India) LLC                     | Delaware            |
| W.L. Ross M & T, LLC                            | Delaware            |
| W.L. Ross & Co., LLC                            | Delaware            |
| W.L. Ross Dip Management LLC                    | New York            |
| W.L. Ross (India) Private Limited               | New York            |

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-184744) and Form S-8 (Nos. 333-162864; 333-103609; 333-98037; 333-10602; 333-8962; 333-150970; 333-166919; 333-174584; and 333-181536) of Invesco Ltd., of our report dated February 21, 2014 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Atlanta, GA

February 21, 2014

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-162864) pertaining to the No.3 Executive Share Option Scheme, 2000 Share Option Plan, International Sharesave Plan, 1997 Sharesave Scheme, Irish Sharesave Plan, 2003 Share Option Plan (Canada), Perpetual Unapproved Share Option Scheme, and Trimark Executive Stock Option Plan of Invesco Ltd.,
- (2) Registration Statement (Form S-8 No. 333-103609) pertaining to the Global Stock Plan, No.3 Executive Share Option Scheme, and International Sharesave Plan of Invesco Ltd.,
- (3) Registration Statement (Form S-8 No. 333-98037) pertaining to the AMVESCAP Sharesave Plan of Invesco Ltd.,
- (4) Registration Statement (Form S-8 No. 333-10602) pertaining to the AMVESCAP Global Stock Plan, the Executive Share Option Scheme, the AIM Option Plans and the AMVESCAP Sharesave Plan of Invesco Ltd.,
- (5) Registration Statement (Form S-8 No. 333-8962) pertaining to the AMVESCAP Global Stock Plan, Executive Share Option Scheme and the AIM Option Plans of Invesco Ltd.,
- (6) Registration Statement (Form S-8 No. 333-150970) pertaining to the Invesco Ltd. 2008 Global Equity Incentive Plan,
- (7) Registration Statement (Form S-8 No. 333-166919) pertaining to the Invesco Ltd. 2010 Global Equity Incentive Plan (ST),
- (8) Registration Statement (Form S-8 No. 333-174584) pertaining to the Invesco Ltd. 2011 Global Equity Incentive Plan,
- (9) Registration Statement (Form S-8 No. 333-181536) pertaining to the Invesco Ltd. 2012 Employee Stock Purchase Plan, and
- (10) Registration Statement (Form S-3 No. 333-184744) of Invesco Ltd.;

of our report dated February 22, 2013, (except for Note 23 , as it relates to the two years in the period ended December 31, 2012, and Note 24 , as to which the date is November 6, 2013) with respect to the consolidated financial statements of Invesco Ltd., included in this Form 10-K, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

February 21, 2014  
Atlanta, Georgia

**Certification Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Martin L. Flanagan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Invesco Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**February 21, 2014**

/s/ MARTIN L. FLANAGAN

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**Martin L. Flanagan**  
**President and Chief Executive Officer**



**Certification Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Loren M. Starr, certify that:

1. I have reviewed this Annual Report on Form 10-K of Invesco Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**February 21, 2014**

/s/ LOREN M. STARR

**Loren M. Starr**

**Senior Managing Director and Chief Financial Officer**

**CERTIFICATION OF MARTIN L. FLANAGAN  
PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Invesco Ltd.'s (the "Company") Annual Report on Form 10-K for the period ended December 31, 2013 (the "Report"), I, Martin L. Flanagan, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**February 21, 2014**

/s/ MARTIN L. FLANAGAN

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**Martin L. Flanagan**  
**President and Chief Executive Officer**

**CERTIFICATION OF LOREN M. STARR  
PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Invesco Ltd.'s (the "Company") Annual Report on Form 10-K for the period ended December 31, 2013 (the "Report"), I, Loren M. Starr, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**February 21, 2014**

/s/ LOREN M. STARR

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**Loren M. Starr**  
**Senior Managing Director and Chief Financial Officer**