

INVESCO LTD.

FORM 10-K (Annual Report)

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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, 2008

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, NE, 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
Common Shares, \$0.20 par value per share

Name of Exchange on Which Registered
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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. ☐

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 ☐

Smaller reporting company ☐

(Do not check if a 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 30, 2008, the aggregate market value of the voting stock held by non-affiliates was \$7.9 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, 2009, the number of Common Shares outstanding was 378,417,557.

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, 2008.

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SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

- the occurrence of breaches and errors in the conduct of our business, including any failure to properly safeguard confidential and sensitive information;
- the execution risk inherent in our current company-wide transformational initiatives;
- the effect of political or social instability in the countries in which we invest or do business;
- the effect of terrorist attacks in the countries in which we invest or do business and the escalation of hostilities that could result therefrom;
- war and other hostilities in or involving countries in which we invest or do business; and
- adverse results in litigation, including private civil litigation related to mutual fund fees and any similar potential regulatory or other proceedings.

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

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

PART I

In this Annual Report on Form 10-K, unless otherwise specified, the terms “we,” “our,” “us,” “company,” “Invesco,” and “Invesco Ltd.” refer to Invesco Ltd., a company incorporated in Bermuda, and its subsidiaries.

Item 1. Business

Introduction

Invesco is a leading independent global investment management company, dedicated to helping people worldwide build their financial security. By delivering the combined power of our distinctive worldwide investment management capabilities, Invesco provides a comprehensive array of enduring solutions for retail, institutional and high-net-worth clients around the world. Operating in 20 countries, Invesco had \$357.2 billion in assets under management (AUM) as of December 31, 2008.

The key drivers of success for Invesco are long-term investment performance and 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 positive net flows, increased 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 movement by offering broad investment capability, client and geographical diversification. We measure relative investment performance by comparing our investment capabilities to competing products, industry benchmarks and client investment objectives. Generally, distributors, investment advisors and consultants heavily weigh longer-term performance (e.g., three-year and five-year performance) in selecting the investment capabilities they recommend to their customers, although shorter-term performance may also be an important consideration. Third-party ratings can also have an influence on 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. (Information contained on our Web site shall not be deemed to be part of, or to be incorporated into, this document).

Strategy

The company is focusing on four key strategic objectives that are designed to strengthen our business and help ensure our long-term success:

- Achieve strong investment performance over the long term for our clients;
- Deliver the combined power of our distinctive investment management capabilities anywhere in the world to meet our clients' needs;
- Unlock the power of our global operating platform by simplifying our processes and procedures and integrating the support structures of our business globally; and
- Continue to build a high-performance organization by fostering greater transparency, accountability and execution at all levels.

Prior to 2006, Invesco operated as a collection of diverse business units. Beginning in August 2005, Invesco began to leverage the individual strengths of these business units in ways that would help us operate more effectively as a unified global organization. Under the leadership of chief executive officer (CEO) Mr. Martin L. Flanagan, the company developed and is implementing a comprehensive operating plan designed to achieve our strategic objectives. Early in 2006, Invesco evolved the leadership structure of the organization to ensure alignment with our strategic direction. We believe these changes have strengthened Invesco's ability to operate more efficiently and effectively as an integrated, global organization.

Since we take a unified approach to our business, we are presenting our financial statements and other disclosures under the single operating segment "asset management."

Recent Developments

On May 24, 2007, with approval from our shareholders, we changed our name from AMVESCAP PLC to INVESCO PLC to better reflect our position as an integrated global company. We chose Invesco from among our many powerful brands since Invesco is recognized in every market in which we operate and because being an investment management company is embedded in the name; however we continue to utilize and leverage our unique investment capabilities and geographic brand presence around the world. On November 5, 2007, we introduced a new brand identity for Invesco. This move was part of our long-range brand strategy to further unify our company and build on the strength of our existing brands, which helps us more effectively promote our global investment management expertise.

On December 4, 2007, we moved our primary listing to the New York Stock Exchange and redomiciled the company from the United Kingdom to Bermuda in a transaction previously approved by shareholders. To accomplish this, our predecessor company INVESCO PLC effected a court-approved U.K. Scheme of Arrangement under which our shareholders received common shares in Invesco Ltd., our new Bermuda parent company, in exchange for their ordinary shares in INVESCO PLC. Holders of our American Depositary Shares (ADSs) and our Canadian exchangeable shares also received common shares in the new Bermuda parent company. Following the redomicile, Invesco Ltd. effected a one-for-two reverse stock split, such that all of our shareholders now hold common shares, par value \$0.20 per share, in Invesco Ltd. Per share amounts have been adjusted throughout this Annual Report on Form 10-K to give effect to the reverse stock split. See Part II, Item 8, "Financial Statements and Supplementary Data — Note 1, Accounting Policies" for additional information.

On December 31, 2007, Invesco was added to the Dow Jones Wilshire 5000 Composite Index, the Dow Jones Wilshire 4500 Completion Index, the Dow Jones Wilshire U.S. Large-Cap Index, and the Dow Jones Wilshire U.S. Large-Cap Growth Index. Invesco Ltd. continues to stay in the Dow Jones Wilshire Global Indexes, including the Dow Jones Wilshire Global Total Market Index and the Dow Jones Wilshire Global Large-Cap Index. On December 4, 2007, Invesco was also added to the Russell 3000, Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell Midcap, Russell Midcap Value, and Russell Midcap Growth Indexes. Additionally, we continue to be a member of the Russell Global Large Cap Index. After the close of trading on August 20, 2008, common shares of Invesco were added to the Standard & Poor's 500 Index, widely regarded as the best single gauge of the U.S. equities market. The index includes 500 leading companies in leading industries of the U.S. economy.

Throughout 2007, we remained committed to executing our comprehensive operating plan. During this period, and consistent with our plan, we actively pursued multiple growth opportunities. However, during the summer of 2007, we began to more tightly manage the business, in response to looming market pressures and volatility, which threatened to adversely impact the global economy. Continuous improvement activities, core to Invesco's operating strategy, gave us the flexibility to continue to invest in our core markets and in the long-term success of our business, despite these market pressures.

In 2008, Invesco imposed an even higher degree of discipline to our business, given the turmoil in the global markets. In anticipation of a challenging year, we directed the majority of our efforts and allocated key resources to largely those activities that we believed could best improve our competitive position over time. These activities included enhancing our pay for performance approach to compensation, upgrading and renewing Invesco's talent pool, and investing in our ETF, private equity, real estate and Chinese operations. To provide the resources and capacity to fund these efforts, we undertook a number of cost saving initiatives, including streamlining operations to work more effectively as an integrated global organization and more effectively managing our discretionary spending.

Operating margin and net operating margin decreased to 22.6% and 31.6% in 2008, respectively, from 25.6% and 36.0% in 2007, respectively, due primarily to declines in AUM. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Schedule of Non-GAAP Information" for a reconciliation of operating income to net operating income (and by calculation, a reconciliation of operating margin to net operating margin) and important additional disclosures.

Certain Demographic and Industry Trends

Demographic and economic trends around the world continue to transform the investment management industry and our business:

- Economic uncertainty and global market declines in 2008 resulted in a diminished pool of global assets under management across the industry.
- Population growth continues to create a growing number of investors who need professional support to reach their financial goals.
- Global retirement needs are creating a larger middle class of investors, resulting in increasing demand for an array of investment solutions that span investment capabilities around the globe. The greater reliance on self-funded retirement will result in not only a higher level of investable assets, but a greater need to be advised on how to invest effectively for the future. We believe we are well-positioned to attract these retirement assets through our products developed to meet retirement needs, including lifecycle and target maturity funds.
- We have seen increasing demand from clients for alpha and beta to be separated as investment strategies in the investment management industry. ("Alpha" is defined as excess return attributable to a manager, and "beta" refers to the return of an underlying benchmark.) This trend reflects how clients are differentiating between low-cost beta solutions such as passive, index and ETF products and higher-priced alpha strategies such as those offered by many alternative products.
- Investors are increasingly seeking to invest outside their domestic markets. They seek firms that operate globally and have investment expertise in markets around the world. Invesco, with 13 distinct investment teams worldwide, has the global capabilities to benefit from this trend.

Our plans for taking the business forward acknowledge these demographic and economic trends, as we work to further strengthen our competitive position. Our multi-year strategy is designed to leverage our global presence, our distinctive worldwide investment management capabilities and our talented people to further grow our business and ensure our long-term success.

Investment Management Capabilities

Invesco is a leading independent global investment manager with operations in 20 countries. As of December 31, 2008, Invesco managed \$357.2 billion in assets for retail, institutional and high-net-worth investors around the world. By delivering the combined power of our distinctive worldwide investment management capabilities, Invesco provides a comprehensive array of enduring solutions for our clients.

Supported by a global operating platform, Invesco delivers a broad array of investment products and services to retail, institutional and high-net-worth investors on a global basis. We have a significant presence in the institutional and retail segments of the investment management industry in North America, Europe and Asia-Pacific, with clients in more than 100 countries.

We are committed to delivering the combined power of our distinctive worldwide investment management capabilities globally. We believe that our discipline-specific teams provide us with a competitive advantage. In addition, we offer multiple investment objectives within the various asset classes and products that we manage. Our asset classes include money market, fixed income, balanced, equity and alternatives. Approximately 36% of our AUM as of December 31, 2008, was invested in equities (December 31, 2007: 49.6% in equities), with the balance invested in fixed income and other securities. We believe that having our investment professionals working in and investing from many of the world's financial markets is one of our core strengths.

The following table sets forth the investment objectives by which we manage, sorted by asset class:

Objectives by Asset Class

Money Market	Fixed Income	Balanced	Equity	Alternatives
Prime	Convertibles	Core	Small Cap Core	Financial Structures
Government/Treasury	Core/Core Plus	Global	Small Cap Growth	Absolute Return
Tax-Free	Emerging Markets	Asset Allocation	Small Cap Value	U.S. REITS
Cash Plus	Enhanced Cash		Medium Cap Core	Global REITS
	Government Bonds		Medium Cap Growth	U.S. Direct Real Estate
	High-Yield Bonds		Medium Cap Value	European Direct Real Estate
	High-Yield Loans		Large Cap Core	Asian Direct Real Estate
	Index		Large Cap Growth	Private Capital Direct Investments
	Intermediate		Large Cap Value	Private Capital Fund of Funds
	International/Global		Enhanced Index	Multiple Asset Strategies
	Municipal Bonds		Sector Funds	Asset Allocation
	Short Bonds		International	Portable Alpha
	Stable Value		Global	
			Regional/Single Country	

The following table sets forth the categories of products sold through our three principal distribution channels:

Investment Vehicles by Distribution Channel

Retail	Institutional	Private Wealth Management
Mutual Funds	Institutional Separate Accounts	Separate Accounts
ICVCs*	Collective Trust Funds	Managed Accounts
Investment Trusts	Managed Accounts	Mutual Funds
Individual Savings Accounts	Exchange-Traded Funds	Exchange-Traded Funds
Exchange-Traded Funds	Private Capital Funds	Private Capital Funds
	Variable Insurance Funds	

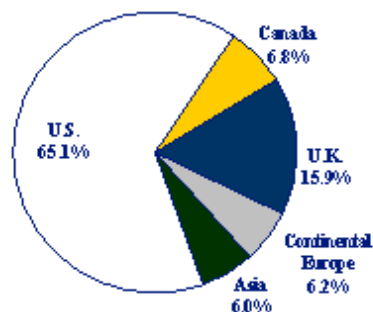
* Investment companies with variable capital

One of Invesco's greatest competitive strengths is the diversification in our AUM by client domicile, distribution channel and asset class. Our distribution channels are comprised of approximately 42% retail, 54% institutional, and 4% Private Wealth Management clients. 35% of client assets under management are outside the U.S., and we service 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, 2008:

AUM Diversification (\$ in billions)

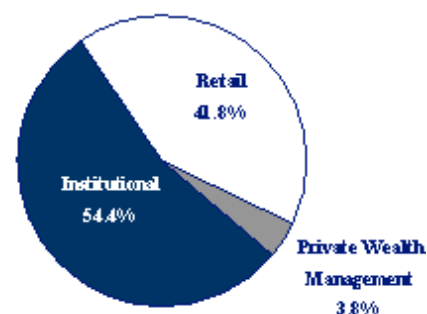
By Client Domicile

<u>(\$billions)</u>		<u>1-Yr Change</u>
U.S.	\$232.6	(19.7)%
Canada	\$24.1	(48.4)%
U.K.	\$56.7	(36.4)%
Continental Europe	\$22.3	(40.7)%
Asia	\$21.5	(41.7)%
Total	\$357.2	(28.6)%



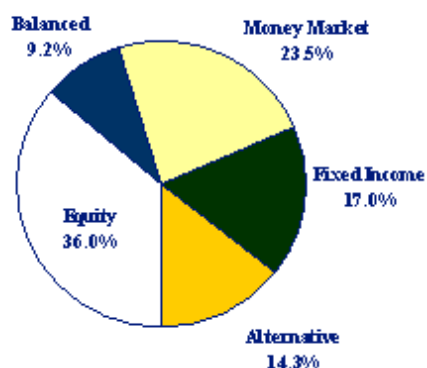
By Distribution Channel

<u>(\$billions)</u>		<u>1-Yr Change</u>
Retail	\$149.4	(43.5)%
Institutional	\$194.4	(10.9)%
PWM	\$13.4	(23.0)%
Total	\$357.2	(28.6)%



By Asset Class

<u>(\$billions)</u>		<u>1-Yr Change</u>
Equity	\$128.5	(47.7)%
Balanced	\$32.8	(32.8)%
Money Market	\$84.2	11.7%
Fixed Income	\$60.6	(10.8)%
Alternative	\$51.1	(18.1)%
Total	\$357.2	(28.6)%



See Part II, Item 8, "Financial Statements and Supplementary Data — Note 13, Geographic Information," for a geographic breakdown of our consolidated operating revenues for the years ended December 31, 2008, 2007 and 2006.

Distribution Channels

Retail

Invesco is a significant provider of retail investment solutions to clients through our distribution channels: Invesco AIM in the U.S., Invesco Trimark in Canada, Invesco Perpetual in the U.K., Invesco in Europe and Asia, and Invesco PowerShares (for our ETF products). Collectively, the retail product management teams manage assets of \$149.4 billion as of December 31, 2008. We offer retail products within all of the major asset classes (money market, fixed income, balanced, equity and alternatives). Our retail products are primarily distributed through third-party financial intermediaries, including traditional broker-dealers, fund “supermarkets,” retirement platforms, financial advisors, insurance companies and trust companies.

The U.S., Canadian and U.K. retail operations rank among the largest, by AUM, in their respective markets: as of December 31, 2008, Invesco Aim was the 14th largest non-proprietary mutual fund complex in the U.S., Invesco Trimark was the 8th largest retail fund manager in Canada, and Invesco Perpetual was the largest retail fund provider in the U.K. In addition, Invesco Great Wall, our joint venture in China was one of the largest long-term Sino-foreign managers in China, with AUM of approximately \$6.0 billion as of December 31, 2008. Invesco PowerShares adds a leading set of ETF products (with \$9.2 billion in AUM and 138 exchanged-traded funds as of December 31, 2008) to the extensive choices available to our retail investors. We now 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-Pacific regions through Invesco and Invesco Aim (\$194.4 billion in AUM as of December 31, 2008). We offer a broad suite of domestic and global products, including traditional equities, structured equities, fixed income, real estate, private equity (expanded through our 2006 acquisition of WL Ross & Co.), 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, corporate, union, non-profit, endowments, foundations, and financial institutions. Clients of Invesco Aim’s institutional money market funds included 21 of the 25 largest U.S. banks, 11 of the Fortune 25 U.S. corporations, and 10 of the top 50 Fortune Global Corporations as of December 31, 2008.

Private Wealth Management

Through Atlantic Trust, Invesco provides high-net-worth individuals and their families with a broad range of personalized and sophisticated wealth management services, including financial counseling, estate planning, asset allocation, investment management (including sale of third-party managed investment products), private equity, trust, custody and family office services. Atlantic Trust also provides asset management services to foundations and endowments. Atlantic Trust obtains new clients through referrals from existing clients, recommendations from other professionals serving the high-net-worth market, such as attorneys and accountants, and from financial intermediaries, such as brokers. Atlantic Trust has offices in 11 U.S. cities and manages \$13.4 billion as of December 31, 2008.

Employees

As of December 31, 2008, we had 5,325 employees, the majority of whom were located in North America. As of December 31, 2007 and 2006, we had 5,475 and 5,574 employees, respectively. None of our employees is 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 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 distribute investment products and manage investment products.

Management Contracts

We derive substantially all of our revenues from investment management contracts with 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. Investment management contracts are generally terminable upon thirty or fewer days' notice. Typically, mutual fund and unit trust investors may withdraw their funds at any time without prior notice. Institutional and private wealth management clients may elect to terminate their relationship with us or reduce the aggregate amount of assets under management upon very short-notice periods.

Government Regulation

As with all investment management companies, our operations and investment products are highly regulated. Laws and regulations applied at the national, state or provincial and local level generally grant government agencies and industry self-regulatory authorities broad administrative discretion over the activities of our business, including the power to limit or restrict business activities. Possible sanctions for violations of law include 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, the imposition of fines and censures on us or our employees and the imposition of additional capital requirements. It is also possible that laws and regulations governing our operations in general or particular investment products could be amended or interpreted in a manner that is adverse to us.

We conduct substantial business operations in the U.S. Various of our subsidiaries and/or products and services offered by such subsidiaries are regulated by the U.S. Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), the National Futures Association, the Commodity Futures Trading Commission and the Office of the Comptroller of the Currency (OCC). Federal statutes that regulate the products and services we offer in the U.S. include the Securities Act of 1933, the Securities Exchange Act of 1934 (Exchange Act), the Investment Advisers Act of 1940 (Investment Advisers Act), the Investment Company Act of 1940 (Investment Company Act), and the Employee Retirement Income Security Act of 1974. The Investment Advisers Act imposes numerous obligations on registered investment advisers, including recordkeeping requirements, operational requirements, marketing requirements, disclosure obligations and prohibitions on fraudulent activities. The Investment Company Act imposes similar obligations on registered investment companies, as well as detailed operational requirements on investment advisers. The SEC is authorized to institute proceedings and impose sanctions for violations of the Investment Advisers Act and the Investment Company Act, ranging from fines and censure to termination of an investment adviser's registration. Investment advisers also are subject to certain state securities laws and regulations. In addition, in recent years, the SEC adopted various rules, the effect of which has been to further regulate the investment management industry and has imposed on Invesco additional compliance obligations and costs for fulfilling such obligations.

Various of our subsidiaries are regulated in the United Kingdom by the Financial Services Authority (FSA). Our operations elsewhere in the world are regulated by similar regulatory organizations. Other regulators who potentially exert a significant impact on our businesses around the world include the Ministry of Finance and the Financial Services Agency in Japan, the Austrian Financial Market Authority (FMA), the Bundesamt für Finanzdienstleistungsaufsicht (BaFin) in Germany, the Canadian securities administrators (including the Ontario Securities Commission), the Financial Regulator in Ireland, the *Autorité des Marchés Financiers* in France, the China Securities Regulatory Commission in the Peoples Republic of China, the Financial Supervisory Commission of the Ministry of Finance and the Investment Commission of the Ministry of Economic Affairs of the Peoples Republic of China, the Securities and Futures Commission of Hong Kong, the Commission Bancaire, Financière et des Assurances (CBFA) in Belgium, the Australian Securities & Investments Commission, the *Commissione Nazionale per le Società e la Borsa* (CONSOB) in Italy, the Swiss Federal Banking Commission, La Comisión Nacional del Mercado de Valores (CNMV) in Spain, the Monetary Authority of Singapore, the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, the Jersey Financial Services Commission and the Dubai Financial Services Authority.

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. After redomicile and after consultation with the U.K. FSA, it has been determined that, for the purposes of prudential supervision, Invesco Ltd. is not subject to regulatory consolidated capital requirements under current European Union (EU) Directives. A sub-group, however, including all of our regulated EU subsidiaries, is subject to these consolidated capital requirements, and capital is maintained within this sub-group to satisfy these regulations. At December 31, 2008, the European sub-group had cash and cash equivalent balances of \$427.9 million, much of which is used to satisfy these regulatory requirements. 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 the regulatory undertakings that we have given, certain of these EU subsidiaries may be required to limit their distributions. We cannot guarantee that further corporate restructuring will not be required to comply with applicable legislation. See Part 1, Item 1A, “Risk Factors.”

Various regulators, legislators, other government officials and other public policy commentators have proposed or are considering proposals for regulatory reform in response to the ongoing crisis in the financial markets. Certain proposals are far reaching and if enacted could have a material impact on Invesco’s business. Potential developments include expanded prudential regulation over investment management firms, new or increased capital requirements and related regulation (including new capital requirements and related regulation pertaining to money market funds), other additional rules and regulations and disclosure requirements, and other changes impacting the identity or the organizational structure of regulators with supervisory authority over Invesco. Certain proposals would require national legislation or international treaties. Invesco cannot at this time predict the impact of potential regulatory changes on its business. It is possible such changes could impose material 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.

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 assets under management and revenues might be adversely affected.

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. We make available free of charge on our Web site, 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

Recent volatility and disruption in world capital and credit markets, as well as adverse changes in the global economy, have negatively affected Invesco’s revenues and may continue to do so.

The capital and credit markets have been experiencing substantial volatility and disruption for over a year. In recent months, the volatility and disruption have reached extreme levels. These market events have materially impacted our results of operations, and may continue to do so, and could materially impact our financial condition and liquidity. In this regard:

- The overall decline in global market conditions around the world has resulted, and may continue to result, in significant decreases in our assets under management and revenues.
- In addition to the impact on the market value of client portfolios, the illiquidity and volatility of both the global fixed income and equity markets could negatively affect our ability to manage client inflows and outflows from pooled investment vehicles or to timely meet client redemption requests.
- Our money market funds have always maintained a \$1.00 net asset value (NAV); however, we cannot guarantee that we can continue to achieve such results. 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 would likely experience significant redemptions in assets under management, loss of shareholder confidence and reputational harm.
- Even if legislative or regulatory initiatives or other efforts successfully stabilize and add liquidity to 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.

- In the event of extreme circumstances, including economic, political, or business crises, such as a widespread systemic failure in the global financial system or additional failures of firms that have significant obligations as counterparties on financial instruments, we may suffer further significant declines in assets under management and severe liquidity or valuation issues in the short-term sponsored 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.

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

In response to significant reductions in our assets under management related to recent adverse changes in world financial markets, we have undertaken a variety of efforts to achieve cost savings and reduce our overall operating expenses. 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 would be adversely affected by any reduction in assets under our management 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 assets under management. Assets under management 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 relatively fixed. Factors that could decrease assets under management (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 those assets are concentrated. Approximately 36% of our total assets under management were invested in equity securities and approximately 64% were invested in fixed income and other securities at December 31, 2008. Through the date of the filing of the Annual Report on Form 10-K with the SEC, markets continue to be volatile. Our AUM as of January 31, 2009, was \$354.1 billion. We cannot predict whether the continued 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 assets under management 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 or individual 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 and stable return accounts. Therefore, our revenues may decline if clients shift their investments to lower fee accounts.

Declines in the value of 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, 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 investments. As of December 31, 2008, the company had \$118.7 million in seed capital and partnership investments.

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), 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 board of trustees or directors of certain other funds accounts of Invesco or our subsidiaries 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 assets under our management, and individual clients may elect to close their accounts, redeem their shares in our funds, or shift their funds to other types of accounts with different fee structures. 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 assets under management, 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.

In a rising-rate environment, 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 bonds 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 net asset value. 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 net asset value. Some of these methods could have an adverse impact on our profitability. Additionally, we have \$17.5 million of equity at risk invested in our collateralized loan obligation products, the valuation of which could change with changes in interest and default rates. We have no significant or direct exposure to SIVs or subprime commercial paper.

We operate in an industry that is highly regulated in the U.S. and numerous foreign countries, and any adverse changes in the 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 business activities. Possible sanctions include 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, the imposition of fines and censures on us or our employees and the imposition of additional capital requirements. It is also possible that laws and regulations governing our operations or particular investment products could be amended or interpreted in a manner that is adverse to us.

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. After redomicile and after consultation with the U.K. Financial Services Authority (FSA), it has been determined that, for the purposes of prudential supervision, Invesco Ltd. is not subject to regulatory consolidated capital requirements under current European Union (EU) Directives. A sub-group, however, including all of our regulated EU subsidiaries, is subject to these consolidated capital requirements, and capital is maintained within this sub-group to satisfy these regulations. At December 31, 2008, the European sub-group had cash and cash equivalent balances of \$427.9 million, much of which is used to satisfy these regulatory requirements. 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 the regulatory undertakings that we have given, certain of these EU subsidiaries may be required to limit their distributions. We cannot guarantee that further corporate restructuring will not be required to comply with applicable legislation.

The regulatory environment in which we operate frequently changes and has seen significant increased regulation in recent years. We may be adversely affected as a result of 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 assets under management and our revenues could be adversely affected. In addition, regulatory changes could impose additional costs, which could negatively impact our profitability.

Various regulators, legislators, other government officials and other public policy commentators have proposed or are considering proposals for regulatory reform in response to the ongoing crisis in the financial markets. Certain proposals are far reaching and if enacted could have a material impact on Invesco's business. Potential developments include expanded prudential regulation over investment management firms, new or increased capital requirements and related regulation (including new capital requirements and related regulation pertaining to money market funds), other additional rules and regulations and disclosure requirements, and other changes impacting the identity or the organizational structure of regulators with supervisory authority over Invesco. Certain proposals would require national legislation or international treaties. Invesco cannot at this time predict the impact of potential regulatory changes on its business. It is possible such changes could impose material 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.

Civil litigation and governmental enforcement actions and investigations could adversely affect our assets under management 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 arising from normal business operations and/or matters that have been the subject of previous regulatory actions. See Part I, Item 3, "Legal Proceedings," for additional information.

Our investment management professionals and other key employees are a vital part of our ability to attract and retain clients, and the loss of 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 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 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.

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 the resulting 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, 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 satisfactorily addressed. Further, our business 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. We have procedures and controls that are designed to address and manage conflicts of interest, but this task is complex and difficult, and our reputation could be damaged, and 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. 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 assets under management, any of which could have a material adverse effect on our revenues and net income.

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

Many of the asset management agreements under which we manage assets or provide products or services specify 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 net income 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.

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.

We may engage in strategic transactions that could create risks.

As part of our business strategy, we regularly review, and from time to time have discussions with respect to 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 accomplish such transactions, or be successful in entering into agreements for desired transactions.

Acquisitions, including completed 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 transactions encounter unanticipated problems, including problems related to execution 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 the seller 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, including for purposes of financing potential acquisitions, depends significantly on our credit ratings. We have received credit ratings of A3 and BBB+ from Moody's and Standard & Poor's credit rating agencies, respectively, as of the date of this Annual Report on Form 10-K. Both Standard & Poor's and Moody's have a "stable" outlook for the rating as of the date of this Annual Report on Form 10-K. We believe that rating agency concerns include but are not limited to: our ability to sustain net positive asset flows across customer channels, product type and geographies, our substantial indebtedness, and our ability to maintain consistent positive investment performance. Additionally, the rating agencies could decide to downgrade the entire asset 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 or receive mandates. 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- or short-term credit ratings could increase our borrowing costs and limit our access to the capital markets. The current levels of unprecedented 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 substantial indebtedness could adversely affect our financial position.

We have a significant amount of indebtedness. As of December 31, 2008, we had outstanding total long-term debt of \$1,159.2 million and shareholders' equity of \$5,689.5 million. The significant 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.

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 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 revenues and hinder our growth.

We sell a portion of our investment products through a variety of financial intermediaries, including major wire houses, regional broker-dealers, banks and financial planners in North America, and independent brokers and financial advisors, banks and financial organizations in Europe and Asia. Increasing competition for these distribution channels could cause our distribution costs to rise, which would lower our net revenues. As a result of recent market turmoil, there has been both consolidation of banks and broker-dealers as well as fragmentation of broker-dealers into smaller or independent firms. If these changes increase concentration among our distributors, our distribution costs could rise, which would lower our net revenues. Additionally, certain of the 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. In addition, some investors rely on third-party financial planners, registered investment advisers, and other consultants or financial professionals to advise them on the choice of investment adviser and investment portfolio. These professionals and consultants could favor a competing investment portfolio as better meeting their particular client's needs. There is no assurance that our investment products will be among their recommended choices in the future. Additionally, if one of our major distributors were to cease operations, it could have a significant adverse effect on our revenues and profitability. Moreover, any failure to maintain strong business relationships with these distribution sources would impair our ability to sell our products, which 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 investors in other accounts managed by us is essential to our continuing success. 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 vendors. These systems 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, our operational size, the multiple locations from which we operate, and our existing back-up systems would provide us with an important advantage. 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 regularly assess and improve our existing business continuity plans, a major disaster, or one that affected certain important operating areas, or our inability to successfully recover 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 assets under management, is presently derived from the United States. 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 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 on our balance sheet that is subject to an annual impairment review. Goodwill totaled \$5,966.8 million at December 31, 2008 (2007: \$6,848.0 million). We may not realize the value of such goodwill. We perform impairment reviews of the book values of goodwill 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.

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 corporation 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. 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.

Our Bye-Laws 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. 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.

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' income tax returns periodically are examined by various tax authorities. 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. 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.

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.

Item 1B. Unresolved Staff Comments

N/A

Item 2. Properties

Our registered office is located in Hamilton, Bermuda, and our principal executive offices are in leased office space at 1555 Peachtree Street N.E., Suite 1800, Atlanta, Georgia, 30309, U.S.A. We own office facilities at Perpetual Park, Henley-on-Thames, Oxfordshire, RG9 1HH, United Kingdom, and at 301 W. Roosevelt, Wheaton, Illinois, 60187, and we lease our additional principal offices located at 30 Finsbury Square, London, EC2A 1AG, United Kingdom; 11 Greenway Plaza, Houston, Texas 77046; 1166 Avenue of the Americas, New York, New York 10036; and in Canada at 5140 Yonge Street, Toronto, Ontario M2N 6X7. We lease office space in 17 other countries.

Item 3. Legal Proceedings

Following the industry-wide regulatory investigations, multiple lawsuits based on market timing allegations were filed against various parties affiliated with Invesco. These lawsuits were consolidated in the United States District Court for the District of Maryland, together with market timing lawsuits brought against affiliates of other mutual fund companies, and on September 29, 2004, three amended complaints were filed against company-affiliated parties: (1) a putative shareholder class action complaint brought on behalf of shareholders of AIM funds formerly advised by Invesco Funds Group, Inc.; (2) a derivative complaint purportedly brought on behalf of certain AIM funds and the shareholders of such funds; and (3) an ERISA complaint purportedly brought on behalf of participants in the company's 401(k) plan. The company and plaintiffs have reached settlements in principle of these lawsuits. The proposed settlements, which are subject to court approval, call for a payment by the company of \$9.8 million, recorded in general and administrative expenses in the Consolidated Statement of Income during the three months ended December 31, 2007, in exchange for dismissal with prejudice of all pending claims. In addition, under the terms of the proposed settlements, the company may incur certain costs in connection with providing notice of the proposed settlements to affected shareholders. Based on information currently available, it is not believed that any such incremental notice costs will have any material effect on the consolidated financial position or results of operations of the company.

The asset management industry also is subject to extensive levels of ongoing regulatory oversight and examination. In the United States and other jurisdictions in which the company operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to compliance with applicable laws and regulations. Additional lawsuits or regulatory enforcement actions arising out of these inquiries may in the future be filed against the company and related entities and individuals in the U.S. and other jurisdictions in which the company and its affiliates operate. Any material loss of investor and/or client confidence as a result of such inquiries and/or litigation could result in a significant decline in assets under management, which would have an adverse effect on the company's future financial results and its ability to grow its business.

In the normal course of its business, the company is subject to various litigation matters. Although there can be no assurances, at this time management believes, based on information currently available to it, that it is not probable that the ultimate outcome of any of these actions will have a material adverse effect on the consolidated financial condition or results of operations of the company.

Item 4. Submission of Matters to a Vote of Security Holders

None.

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, 2009, there were approximately 7,584 holders of record of our common shares.

Prior to December 4, 2007, we had outstanding ordinary shares that were listed on the Official List of The U.K. Listing Authority and were traded on the London Stock Exchange. We also had American Depositary Shares (ADSs) listed for trading on the NYSE, also under the symbol "IVZ." Each ADS represented the right to receive two ordinary shares. We also had exchangeable shares, which were issued by one of our subsidiaries and were listed for trading on the Toronto Stock Exchange. Each exchangeable share represented the right to receive one ordinary share.

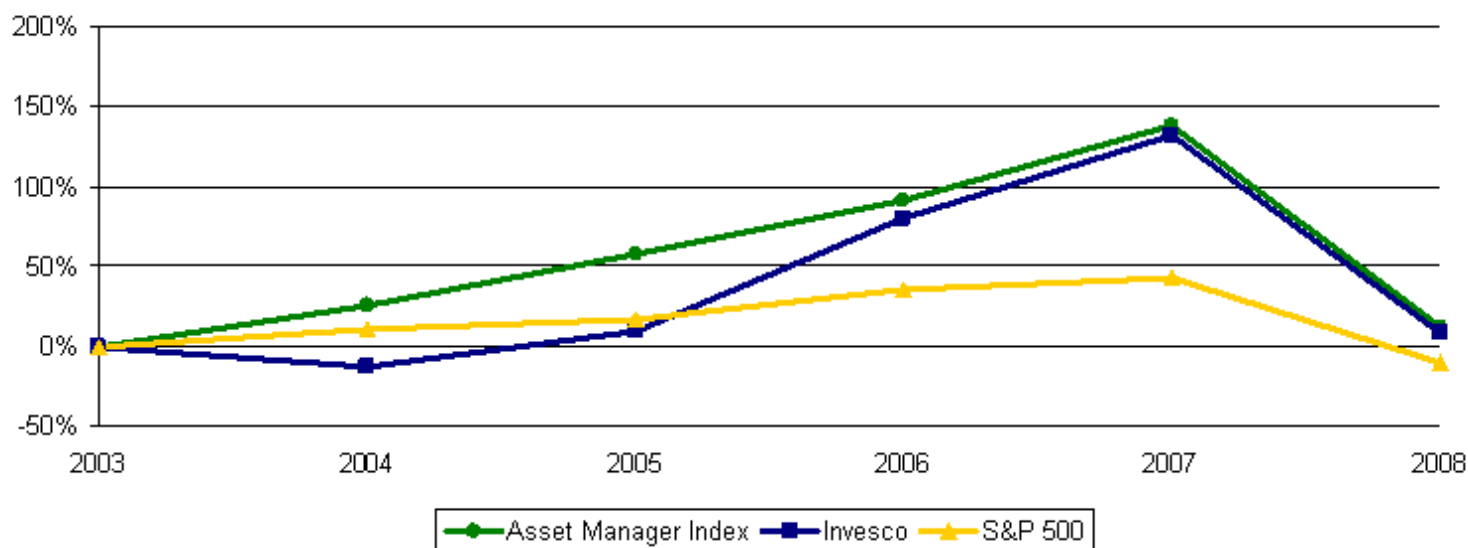
On December 4, 2007, we redomiciled the company from the United Kingdom to Bermuda in a transaction previously approved by shareholders. To accomplish this, our predecessor company, INVESCO PLC, effected a court-approved U.K. scheme of arrangement under which our shareholders received common shares in Invesco Ltd., the new Bermuda parent company, in exchange for their ordinary shares in INVESCO PLC. Holders of our ADSs and our exchangeable shares also received common shares in the new Bermuda parent company in exchange for their holdings. Following the redomicile, Invesco Ltd. effected a one-for-two reverse stock split, such that all of our shareholders now hold only common shares, par value \$0.20 per share, in Invesco Ltd.

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.

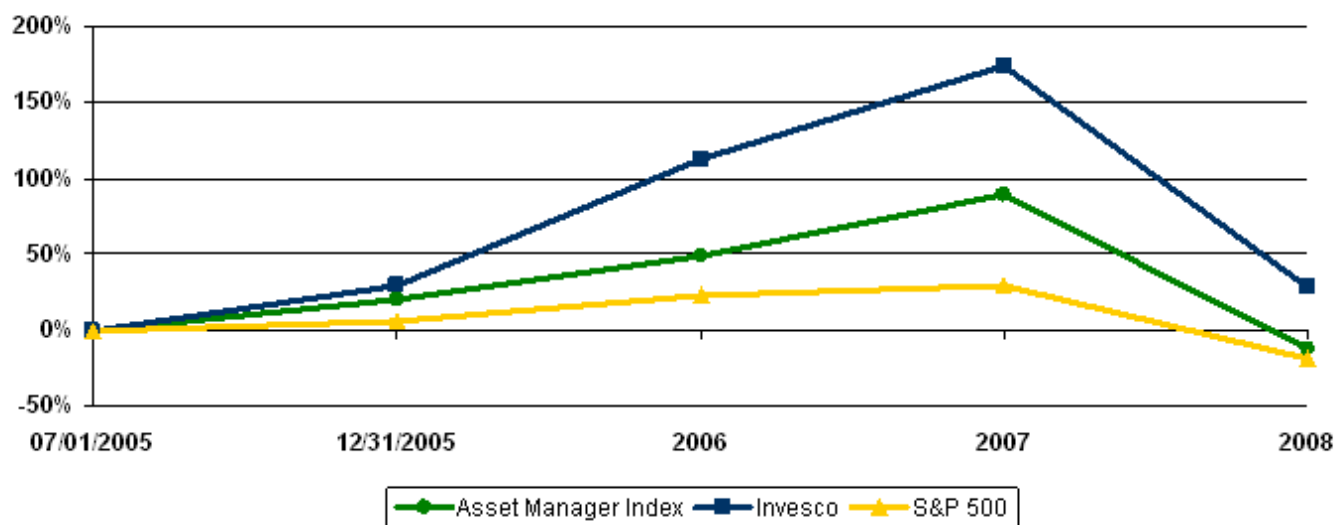
	Invesco Ltd. Common Shares (or equivalent*)		
	High	Low	Dividends Declared
2008			
Fourth Quarter	\$21.07	\$8.84	\$0.10
Third Quarter	\$27.00	\$20.56	\$0.10
Second Quarter	\$28.80	\$22.31	\$0.10
First Quarter	\$30.66	\$21.43	\$0.10
2007			
Fourth Quarter	\$32.25	\$24.90	—
Third Quarter	\$27.66	\$21.09	\$0.164
Second Quarter	\$26.52	\$22.03	—
First Quarter	\$26.05	\$20.35	\$0.208

* All figures prior to December 4, 2007, represent high and low share prices of our ADSs. One ADS represented two ordinary shares of INVESCO PLC. Following the redomicile, Invesco Ltd. effected a one-for-two reverse stock split, such that all of our shareholders now hold only common shares, par value \$0.20 per share, in Invesco Ltd.

The following graph illustrates the cumulative total shareholder return of our common shares (ordinary shares prior to December 4, 2007) over the five-year period ending December 31, 2008, and compares it to the cumulative total return on the Standard and Poor's (S&P) 500 Index and to a group of peer asset management companies. This table is not intended to forecast future performance of our common shares.



The chart below illustrates the cumulative total shareholder return of our common shares (ordinary shares prior to December 4, 2007) since the company began executing its multi-year strategic plan, which was designed to enhance long-term investment performance, improve and simplify the operating platform, sharpen the focus on clients and strengthen the business for long-term success.



Note: Asset Manager Index includes Affiliated Managers Group, Alliance Bernstein, BlackRock, Eaton Vance, Federated Investors, Franklin Resources, Gamco Investors, Invesco Ltd., Janus, Legg Mason, Schroders, T. Rowe Price, and Waddell & Reed.

Important Information Regarding Dividend Payments

On October 27, 2008, the company declared a third quarter cash dividend of \$0.10 per Invesco Ltd. common share, which was paid on December 17, 2008, to shareholders of record as of November 26, 2008. On January 29, 2009, the company declared a fourth quarter 2008 cash dividend of \$0.10 per Invesco Ltd. common share, which will be paid on March 11, 2009, to shareholders of record as of February 25, 2009.

In 2008, Invesco began declaring and paying dividends on a quarterly basis in arrears. The 2008 total dividend of \$0.40 per share represented a 4.2% increase over the 2007 total dividend of \$0.384 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 Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources - Dividends," for additional details regarding dividends.

Repurchases of Equity Securities

The following table shows share repurchase activity for cash during the three months ended December 31, 2008:

Month	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾ (millions)
October 1-31, 2008	—	—	—	1,360
November 1-30, 2008	—	—	—	1,360
December 1-31, 2008	11,638	\$10.48	—	1,360

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- (1) An aggregate of 11,638 shares were repurchased in private transactions from a current officer of the company at the respective NYSE closing prices for the common shares on the preceding day. This purchase was made in connection with the payment of taxes due to the vesting of a share award. Additionally, an aggregate of 0.3 million shares were withheld on vesting events during the three months ended December 31, 2008, to meet employees' tax obligations. The value of these shares withheld was \$4.6 million.
- (2) On April 23, 2008, our board of directors authorized a share repurchase program of up to \$1.5 billion with no stated expiration date. A public announcement of the authorization was made on April 24, 2008. Of the total amount authorized, \$1,360 million remained as of December 31, 2008. The company did not make any purchases pursuant to this plan during the three months ended December 31, 2008.

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, 2008. 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,				
	2008	2007	2006	2005	2004
Operating Data:					
Operating revenues	3,307.6	3,878.9	3,246.7	2,872.6	2,757.5
Net revenues*	2,489.4	2,888.4	2,428.0	2,166.6	2,124.5
Operating income	747.8	994.3	759.2	407.9	11.7
Net operating income*	787.5	1,039.8	762.1	407.9	11.7
Operating margin	22.6%	25.6%	23.4%	14.2%	0.42%
Net operating margin*	31.6%	36.0%	31.4%	18.8%	0.55%
Net income/(loss)	481.7	673.6	482.7	219.8	(85.9)
Per Share Data:					
Earnings/(loss) per share:					
-basic	1.25	1.69	1.22	0.55	(0.21)
-diluted	1.21	1.64	1.19	0.54	(0.21)
Dividends declared per share	0.520	0.372	0.357	0.330	0.323
Balance Sheet Data:					
Total assets	9,756.9	12,925.2	12,228.5	10,702.7	10,580.3
Total long-term debt	1,159.2	1,276.4	1,279.0	1,220.0	1,381.7
Shareholders' equity	5,689.5	6,590.6	6,164.0	5,529.8	5,519.6
Other Data:					
AUM (in billions)	\$357.2	\$500.1	\$462.6	\$386.3	\$382.1
Headcount	5,325	5,475	5,574	5,798	6,693

* Net revenues are operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of revenues, net of third-party distribution expenses, from joint venture investments. Net operating margin is equal to net operating income divided by net revenues. Net operating income is operating income plus our proportional share of the net operating income from joint venture investments. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Schedule of Non-GAAP Information" for reconciliations of operating revenues to net revenues and from operating income to net operating 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.

Global equity markets declined in the three months and year ended December 31, 2008, and continued to fall during the month of January 2009, as illustrated in the table below:

Index	Three Months Ended December 31, 2008	Year Ended December 31, 2008	Month Ended January 31, 2009
Dow Jones Industrial Average	(18.38)%	(31.93)%	(8.65)%
S&P 500	(21.84)%	(37.00)%	(8.43)%
NASDAQ Composite Index	(24.37)%	(39.98)%	(6.35)%
S&P/TSX Composite (Canada)	(22.71)%	(33.01)%	(2.96)%
FTSE 100	(8.56)%	(27.99)%	(6.34)%
FTSE World Europe	(22.00)%	(43.17)%	(3.88)%
China SE Shanghai Composite	(20.60)%	(64.89)%	9.33%
Nikkei 225	(21.24)%	(41.14)%	(9.76)%
Lehman Brothers U.S. Aggregate Bond Index	4.58%	5.24%	(0.88)%

2008 was an extremely challenging period in the financial markets. The financial crisis began in 2007 with the subprime mortgage collapse that continued into 2008. Financial institutions that held mortgage-backed securities on their balance sheets took a series of write-downs that led to lower market liquidity and the collapse or consolidation of several major financial firms. Heightened risk perceptions ultimately led to systematic deleveraging across the global markets as investors moved out of risky assets.

Events in these periods were dominated by challenges in the credit markets. Many financial institutions had difficulty securing short-term funding as liquidity rapidly contracted. With banks unable to obtain funding and reluctant to lend, interbank rates rose both absolutely and relative to central bank policy rates. Government bonds benefited from a flight to quality, particularly short-dated issues. This also led to a strengthening of the U.S. dollar from July until November as U.S. investors unwound carry trades and repatriated funds, and non-U.S. investors increasingly purchased U.S. government issues. Further, credit spreads widened sharply, particularly for financials, and economic growth around the world slowed under the impact of the credit squeeze. Global manufacturing orders slumped as business and consumer confidence waned. Emerging markets saw weakening demand for both exported goods and commodities. Asian markets also experienced lower export demand with concerns about inflation becoming secondary to economic growth.

Several major global market indices declined by historic amounts: the Dow Jones Industrial Average saw its worst year since 1931, the S&P 500 had its worst year since 1937, Japan's Nikkei Average saw its biggest decline ever, and the FTSE 100's decline ranks as its worst year since it was created in 1985.

In response to the market disruptions, governments and central banks have acted to help revive credit markets and restore stability in the financial system. These actions include direct and indirect support of financial institutions, the imposition of short-selling restrictions, easing of monetary policy, and the guaranteeing of certain financial instruments. The U.S. Federal Reserve cut the federal-funds rate target seven times during 2008, from 4.25% at the beginning of the year to setting a target rate of 0% to 0.25% in December, a historic low. Despite these actions, the equity and credit markets continue to operate under considerable pressure.

A significant portion of our business and managed AUM are based outside of the U.S. The strengthening of the U.S. dollar against other currencies, primarily the Pound Sterling and the Canadian dollar, will impact our reported revenues and expenses from period to period. 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 declined in the three months and year ended December 31, 2008, which contributed to declines in AUM of \$52.4 billion and \$142.9 billion during the respective periods.

Assuming a continuation of year-end 2008 market and foreign exchange levels, Invesco expects to decrease 2009 total operating expenses by \$450 million, or 17.6%, to \$2,110 million from \$2,560 million in 2008. This reduction is comprised of three components: (1) 48% of the reduction is expected to be realized from decreases in third-party distribution, service and advisory expenses, which naturally decline with AUM levels; (2) 35% of the reduction is expected to be realized from decreases in employee compensation expenses; and (3) 17% of the reduction is expected to be realized from declines in other expenses, including general and administrative, marketing and property, office and technology expenses. As part of the \$450 million expense reduction, we expect \$140 million in savings to be generated from our continued movement towards global operating platforms, further use of our low-cost enterprise centers, managing discretionary spending, continued leverage of our centers of expertise on a global basis, and managing our staff expenses. We will also continue to reinvest in our business in 2009, targeting \$35 million of incremental cost (which is included in the \$450 million total reduction) in 2009 versus 2008, including investments in our private equity business, exchange-traded funds, common technology platforms, and building out our institutional sales and client service group. We expect to incur transition expenses of approximately \$15 million (also included in the \$450 million) in order to achieve the planned savings.

Summary operating information for 2008 and 2007 is presented in the table below.

	Year ended December 31,	
	2008	2007
Operating revenues	\$3,307.6m	\$3,878.9m
Net revenues ⁽¹⁾	\$2,489.4m	\$2,888.4m
Operating margin	22.6%	25.6%
Net operating margin ⁽²⁾	31.6%	36.0%
Net income	\$481.7m	\$673.6m
Diluted EPS	\$1.21	\$1.64
Average assets under management (in billions)	\$440.6	\$489.1

(1) Net revenues are operating revenues less third-party distribution, service and advisory expenses plus our proportional share of the net revenues of our joint venture investments. See “Schedule of Non-GAAP Information” for the reconciliation of operating revenues to net revenues.

(2) Net operating margin is net operating income divided by net revenues. See “Schedule of Non-GAAP Information” for the reconciliation of operating income to net operating income.

Investment Capabilities Performance Overview

		Benchmark Comparison			Peer Group Comparison		
		% of AUM Ahead of Benchmark			% of AUM In Top Half of Peer Group		
		1yr	3yr	5yr	1yr	3yr	5yr
Equities	U.S. Core	95%	92%	94%	94%	90%	88%
	U.S. Growth	32%	64%	64%	47%	48%	44%
	U.S. Value	19%	4%	3%	14%	3%	3%
	Sector	27%	12%	79%	41%	36%	56%
	U.K.	99%	94%	99%	97%	94%	100%
	Canadian	88%	63%	25%	78%	56%	23%
	Asian	53%	82%	87%	55%	74%	69%
	Continental European	62%	92%	95%	72%	88%	74%
	Global	53%	56%	84%	63%	37%	20%
	Global Ex U.S. and Emerging Markets	92%	96%	97%	92%	98%	71%
Balanced	Balanced	67%	51%	53%	71%	35%	51%
Fixed Income	Money Market	59%	58%	58%	97%	95%	95%
	U.S. Fixed Income	42%	25%	23%	55%	55%	61%
	Global Fixed Income	62%	65%	69%	60%	58%	60%

Note: For most products the rankings are as of 12/31/08. Exceptions include institutional products (9/30/08) and Australian retail (11/30/08). Includes assets with a minimum 1-year composite track record and populated benchmark return (for % assets ahead of benchmark) or peer group (for % assets in top half of peer group). AUM measured in the one-, three-, and five-year peer group rankings represents 66%, 65%, and 58% of total Invesco AUM, respectively, and AUM measured versus benchmark on a one-, three-, and five-year basis represents 82%, 78%, and 74% of total Invesco AUM, respectively, as of 12/31/08. Excludes Invesco PowerShares, stable value, alternatives, W.L. Ross & Co., Invesco Private Capital, direct real estate products and CLOs. 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.

Invesco's first strategic priority is to achieve strong investment performance over the long-term for our clients. Performance in our equities capabilities, as measured by the percentage of AUM ahead of benchmark and ahead of peer median, is generally strong with some pockets of outstanding performance and some areas where we have been challenged. Within our equity asset class, U.S. Core, U.K., Asian, European, and Global ex-U.S. and Emerging Markets have had strong relative performance versus competitors and versus benchmark over one-, three- and five-year periods. Investment performance in our U.S. Value equities has lagged while our Canadian equity one- and three-year year performance has sharply improved. Within our fixed income and balanced asset classes, the global fixed income products have had at least 58% of AUM ahead of benchmark and peers over one-, three-, and five-year periods; the balanced products were largely ahead of peers and benchmarks; and the U.S. fixed income products had at least 55% of AUM ahead of peers. Our money market capability had at least 95% of AUM ahead of peers on a one-, three-, and five-year basis while performance versus benchmark was tempered as some of the larger products underperformed their respective benchmarks by anywhere from 1 to 24 basis points.

Assets Under Management

AUM at December 31, 2008, were \$357.2 billion, compared to \$500.1 billion at December 31, 2007. The decline in AUM during the year was due to \$102.8 billion in reduced market values, \$26.6 billion impact of less favorable foreign exchange rates, and total net outflows of \$13.5 billion (long-term net flows plus net flows in institutional money market funds). Average AUM for 2008 were \$440.6 billion, compared to \$489.1 billion in 2007. Our retail total net outflows for 2008 were \$10.6 billion, compared to total net inflows of \$5.7 billion in 2007. Institutional net outflows were \$3.1 billion in 2008, compared to total net inflows of \$1.2 billion in 2007 (including Stable Value net outflows of \$16.2 billion in 2007 attributable to the departure of employees to a competitor). Our Private Wealth Management (PWM) channel had total net inflows of \$0.2 billion in 2008 compared to total net outflows of \$0.2 billion in 2007.

Changes in AUM were as follows:

\$ in billions	2008	2007	2006
January 1,	\$500.1	\$462.6	\$386.3
Long-term inflows	72.7	119.9	85.8
Long-term outflows	(94.6)	(123.3)	(87.2)
Long-term net flows	(21.9)	(3.4)	(1.4)
Net flows in money market funds	8.4	10.1	12.8
Market gains and losses/reinvestment	(102.8)	20.0	46.5
Acquisitions/disposals	—	—	8.9
Foreign currency translation	(26.6)	10.8	9.5
December 31,	\$357.2	\$500.1	\$462.6
Average long-term AUM	\$360.8	\$424.2	\$366.3
Average institutional money market AUM	79.8	64.9	57.9
Average AUM	\$440.6	\$489.1	\$424.2
Net revenue yield on AUM (annualized) ⁽¹⁾	56.5bps	59.1bps	56.9bps
Net revenue yield on AUM before performance fees (annualized) ⁽¹⁾	54.8bps	57.7bps	55.0bps

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- (1) Net revenue yield on AUM is equal to net revenue divided by average AUM. Net revenues are operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of net revenues from joint venture investments. See “Schedule of Non-GAAP Information” for a reconciliation of operating revenues to net revenues and important additional disclosures.

Our AUM by channel, by asset class, and by client domicile were as follows:

AUM by Channel

\$ in billions	Total	Retail	Institutional	PWM
January 1, 2006 ^(a) AUM	\$386.3	\$195.2	\$174.9	\$16.2
Long-term inflows	85.8	58.4	23.2	4.2
Long-term outflows	(87.2)	(57.9)	(24.4)	(4.9)
Long-term net flows	(1.4)	0.5	(1.2)	(0.7)
Net flows in money market funds	12.8	(0.3)	13.1	—
Market gains and losses/reinvestment	46.5	31.4	13.9	1.2
Acquisitions/disposals	8.9	6.3	2.6	—
Foreign currency translation	9.5	5.9	3.6	—
December 31, 2006 ^(a) AUM	\$462.6	\$239.0	\$206.9	\$16.7
Long-term inflows	119.9	86.6	28.2	5.1
Long-term outflows	(123.3)	(80.6)	(37.4)	(5.3)
Long-term net flows	(3.4)	6.0	(9.2)	(0.2)
Net flows in money market funds	10.1	(0.3)	10.4	—
Market gains and losses/reinvestment	20.0	11.3	7.8	0.9
Foreign currency translation	10.8	8.5	2.3	—
December 31, 2007 ^(a) AUM	\$500.1	\$264.5	\$218.2	\$17.4
Long-term inflows	72.7	48.1	19.7	4.9
Long-term outflows	(94.6)	(58.7)	(31.2)	(4.7)
Long-term net flows	(21.9)	(10.6)	(11.5)	0.2
Net flows in money market funds	8.4	—	8.4	—
Market gains and losses/reinvestment	(102.8)	(79.2)	(19.4)	(4.2)
Foreign currency translation	(26.6)	(25.3)	(1.3)	—
December 31, 2008 AUM	\$357.2	\$149.4	\$194.4	\$13.4

(a) The beginning balances were adjusted to reflect certain asset reclassifications.

AUM by Asset Class

\$ in billions	Total	Equity	Fixed Income	Balanced	Money Market	Alternatives ^(b)
January 1, 2006 ^(a) AUM	\$386.3	\$173.7	\$71.1	\$42.7	\$53.1	\$45.7
Long-term inflows	85.8	42.5	28.6	7.4	1.9	5.4
Long-term outflows	(87.2)	(46.6)	(23.5)	(9.6)	(3.1)	(4.4)
Long-term net flows	(1.4)	(4.1)	5.1	(2.2)	(1.2)	1.0
Net flows in money market funds	12.8	—	—	—	12.8	—
Market gains and losses/reinvestment	46.5	32.6	5.3	5.7	0.5	2.4
Acquisitions	8.9	6.3	—	—	—	2.6
Foreign currency translation	9.5	6.7	1.6	0.4	0.1	0.7
December 31, 2006 ^(a) AUM	\$462.6	\$215.2	\$83.1	\$46.6	\$65.3	\$52.4
Long-term inflows	119.9	74.6	14.7	10.1	1.5	19.0
Long-term outflows	(123.3)	(64.2)	(35.1)	(9.6)	(2.1)	(12.3)
Long-term net flows	(3.4)	10.4	(20.4)	0.5	(0.6)	6.7
Net flows in money market funds	10.1	(0.6)	0.2	(1.3)	10.6	1.2
Market gains and losses/reinvestment	20.0	14.1	3.7	0.2	—	2.0
Foreign currency translation	10.8	6.5	1.3	2.8	0.1	0.1
December 31, 2007 ^(a) AUM	\$500.1	\$245.6	\$67.9	\$48.8	\$75.4	\$62.4
Long-term inflows	72.7	38.2	13.8	9.0	3.7	8.0
Long-term outflows	(94.6)	(52.8)	(17.4)	(10.3)	(3.7)	(10.4)
Long-term net flows	(21.9)	(14.6)	(3.6)	(1.3)	—	(2.4)
Net flows in money market funds	8.4	—	—	—	8.4	—
Market gains and losses/reinvestment	(102.8)	(84.5)	(1.3)	(10.2)	0.7	(7.5)
Foreign currency translation	(26.6)	(18.0)	(2.4)	(4.5)	(0.3)	(1.4)
December 31, 2008 AUM	\$357.2	\$128.5	\$60.6	\$32.8	\$84.2	\$51.1

(a) The beginning balances were adjusted to reflect certain asset reclassifications.

(b) The alternative asset class includes financial structures, absolute return, real estate, private equity, asset allocation, portable alpha and multiple asset strategies.

AUM by Client Domicile

\$ in billions	Total	U.S.	Canada	U.K.	Continental Europe	Asia
January 1, 2006 ^(a) AUM	\$386.3	\$250.6	\$38.8	\$52.9	\$25.4	\$18.6
Long-term inflows	85.8	30.0	4.5	14.5	23.6	13.2
Long-term outflows	(87.2)	(42.2)	(7.7)	(10.2)	(18.0)	(9.1)
Long-term net flows	(1.4)	(12.2)	(3.2)	4.3	5.6	4.1
Net flows in money market funds	12.8	11.5	0.4	0.2	0.7	—
Market gains and losses/reinvestment	46.5	21.9	6.9	9.9	4.1	3.7
Acquisitions	8.9	8.9	—	—	—	—
Foreign currency translation	9.5	(0.3)	0.4	6.5	2.7	0.2
December 31, 2006 ^(a) AUM	\$462.6	\$280.4	\$43.3	\$73.8	\$38.5	\$26.6
Long-term inflows	119.9	48.2	6.7	22.0	21.4	21.6
Long-term outflows	(123.3)	(64.7)	(6.8)	(10.0)	(25.6)	(16.2)
Long-term net flows	(3.4)	(16.5)	(0.1)	12.0	(4.2)	5.4
Net flows in money market funds	10.1	11.0	—	0.2	(0.5)	(0.6)
Market gains and losses/reinvestment	20.0	14.9	(4.1)	2.7	1.8	4.7
Foreign currency translation	10.8	—	7.6	0.4	2.0	0.8
December 31, 2007 ^(a) AUM	\$500.1	\$289.8	\$46.7	\$89.1	\$37.6	\$36.9
Long-term inflows	72.7	36.2	2.9	17.2	10.0	6.4
Long-term outflows	(94.6)	(46.4)	(9.7)	(9.9)	(16.8)	(11.8)
Long-term net flows	(21.9)	(10.2)	(6.8)	7.3	(6.8)	(5.4)
Net flows in money market funds	8.4	4.5	—	0.2	1.2	2.5
Market gains and losses/reinvestment	(102.8)	(51.5)	(8.5)	(21.5)	(8.1)	(13.2)
Foreign currency translation	(26.6)	—	(7.3)	(18.4)	(1.6)	0.7
December 31, 2008 AUM	\$357.2	\$232.6	\$24.1	\$56.7	\$22.3	\$21.5

(a) The beginning balances were adjusted to reflect certain asset reclassifications.

Results of Operations

Results of Operations for the Year Ended December 31, 2008, Compared with the Year Ended December 31, 2007

Operating Revenues and Net Revenues

Operating revenues decreased by 14.7% in 2008 to \$3,307.6 million (2007: \$3,878.9 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. Net revenues decreased by 13.8% in 2008 to \$2,489.4 million (2007: \$2,888.4 million). See “Schedule of Non-GAAP Information” for additional important disclosures regarding the use of net revenues. The main categories of revenues, and the dollar and percentage change between the periods, are as follows:

\$ in millions	2008	2007	\$ Change	% Change
Investment management fees	2,617.8	3,080.1	(462.3)	(15.0)
Performance fees	75.1	70.3	4.8	6.8
Service and distribution fees	512.5	593.1	(80.6)	(13.6)
Other	102.2	135.4	(33.2)	(24.5)
Total operating revenues	3,307.6	3,878.9	(571.3)	(14.7)
Third-party distribution, service and advisory expenses	(875.5)	(1,051.1)	175.6	(16.7)
Proportional share of revenues, net of third-party distribution expenses, from joint venture investments	57.3	60.6	(3.3)	(5.4)
Net revenues	2,489.4	2,888.4	(399.0)	(13.8)

Investment Management Fees

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

Investment management fees decreased 15.0% in 2008 to \$2,617.8 million (2007: \$3,080.1 million) due to decreases in average AUM during the year and the mix of AUM between various asset classes. Average AUM for the year ended December 31, 2008, were \$440.6 billion (2007: \$489.1 billion), a decrease of 9.9%. Average long-term AUM, which generally earn higher fee rates than institutional money market AUM, for the year ended December 31, 2008, were \$360.8 billion, a decrease of 14.9% from \$424.2 billion for the year ended December 31, 2007, while average institutional money market AUM increased 23.0% to \$79.8 billion at December 31, 2008, from \$64.9 billion for the year ended December 31, 2007. In addition, our equity AUM as a percentage of total AUM fell from 49% at December 31, 2007, to 36% at December 31, 2008. This decline in equities within our asset mix is consistent with the decline in global equity markets.

Performance Fees

Performance fee revenues are generated on certain management contracts when performance hurdles are achieved. They are recorded in operating revenues as of the performance measurement date, when the contractual performance criteria have been met. The performance measurement date is defined in each contract in which incentive and performance fee revenue agreements are in effect. 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 and no later than the first date of performance measurement after the expiration 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 absolute performance.

In 2008, these fees increased 6.8% to \$75.1 million (2007: \$70.3 million). The performance fees generated in 2008 arose primarily in the Invesco Quantitative Strategies and Real Estate groups, as well as in the U.K.; whereas the performance fees generated in 2007 included amounts generated primarily in the U.K. and Asia.

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 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.

In 2008, service and distribution fees decreased 13.6% to \$512.5 million (2007: \$593.1 million) primarily due to decreased retail AUM, offset by increases in institutional money market revenues resulting from the 23.0% increase in average institutional money market AUM during the year.

Other Revenues

Other revenues include fees derived primarily from transaction commissions earned upon the sale of new investments into certain of our retail funds and fees earned upon the completion of transactions in our real estate and private equity assets 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. The

measurement date in which these transaction fees are recorded is the date on which the transaction is legally closed. Other revenues also include the revenues of consolidated investment products.

In 2008, other revenues decreased 24.5% to \$102.2 million (2007: \$135.4 million) driven by decreases in sales volumes of funds subject to front-end commissions, offset by higher transaction fees within our private equity business.

Third-Party Distribution, Service and Advisory Expenses

Third-party distribution, service and advisory expenses include renewal commissions paid to independent financial advisors for as long as the clients' assets are invested and are payments for the servicing of client accounts. 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, as noted above.

Third-party distribution, service and advisory expenses decreased 16.7% in 2008 to \$875.5 million (2007: \$1,051.1 million), consistent with the declines in investment management and service and distribution fee revenues.

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, as identified in Item 8, "Financial Statements and Supplementary Data — Note 4, Investments," is our 49.0% investment in Invesco Great Wall Fund Management Company Limited (the "Invesco Great Wall" joint venture). In September 2008, the company entered into a 50% joint venture with Huaneng Capital Services, a subsidiary of China Huaneng Group (the largest power producer in China), to form Huaneng Invesco WLR Investment Consulting Company Ltd. This joint venture will assess private equity investment opportunities in power generation in China.

The 5.4% decrease in our proportional share of revenues, net of third-party distribution expenses, to \$57.3 million in 2008 (2007: \$60.6 million), is driven by the declines in average AUM in the Invesco Great Wall joint venture. Our share of the Invesco Great Wall joint venture's AUM at December 31, 2008, was \$3.0 billion, a 58% decline in AUM from \$7.1 billion at December 31, 2007, reflecting the increased volatility of equity markets in this region during the year.

Operating Expenses

During 2008, operating expenses decreased 11.3% to \$2,559.8 million (2007: \$2,884.6 million), reflecting declines in all cost categories from 2007 expense levels.

The main categories of operating expenses are as follows:

\$ in millions	2008	2007	\$ Change	% Change
Employee compensation	1,055.8	1,137.6	(81.8)	(7.2)
Third-party distribution, service and advisory	875.5	1,051.1	(175.6)	(16.7)
Marketing	148.2	157.6	(9.4)	(6.0)
Property, office and technology	214.3	242.5	(28.2)	(11.6)
General and administrative	266.0	295.8	(29.8)	(10.1)
Total operating expenses	<u>2,559.8</u>	<u>2,884.6</u>	<u>(324.8)</u>	<u>(11.3)</u>

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	2008	% of Total Operating Expenses	% of Operating Revenues	2007	% of Total Operating Expenses	% of Operating Revenues
Employee compensation	1,055.8	41.2%	31.9%	1,137.6	39.4%	29.3%
Third-party distribution, service and advisory	875.5	34.2%	26.5%	1,051.1	36.4%	27.1%
Marketing	148.2	5.8%	4.5%	157.6	5.5%	4.1%
Property, office and technology	214.3	8.4%	6.5%	242.5	8.4%	6.3%
General and administrative	266.0	10.4%	8.0%	295.8	10.3%	7.6%
Total operating expenses	<u>2,559.8</u>	<u>100.0%</u>	<u>77.4%</u>	<u>2,884.6</u>	<u>100.0%</u>	<u>74.4%</u>

Employee Compensation

Employee compensation includes salary, cash bonuses and share-based payment plans designed to attract and retain the highest caliber employees.

Employee compensation decreased \$81.8 million, or 7.2%, in 2008 from 2007 due predominantly to overall decreases in sales commissions and variable compensation. Offsetting these declines were increases in base salary expenses resulting from annual merit increases, which were effective March 1, 2008. Additionally, in the three months ended December 31, 2008, the company experienced increases in bonus expense tied to improved investment performance and performance fee revenues. These increases in bonus expense during the three months ended December 31, 2008, which incorporated recognition of a full year impact tied to investment performance improvements, were equally offset in the three months ended December 31, 2008, by the reversal of \$18.8 million (\$12.6 million, net of tax, or \$0.5 per share) of cumulative share-based compensation charges related to performance-based share awards granted in 2007. The reversal was made because the company does not expect that the required performance targets for the vesting of these awards will be achieved. Of the charges reversed, \$10.8 million was originally recorded in 2007, with the remainder originally recorded in the first nine months of 2008.

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 marketing support payments, which are payments made to distributors of certain of our retail products over and above the 12b-1 distribution payments. These fees are contracted separately with each distributor. Marketing expenses also 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 6.0% in 2008 to \$148.2 million (2007: \$157.6 million) due to decreased marketing support payments related to decreased sales and AUM in the U.S., consistent with overall market declines during the period.

Property, Office and Technology

Property, office and technology expenses include rent and utilities for our various leased facilities, depreciation of company-owned property and capitalized 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 decreased 11.6% to \$214.3 million in 2008 from \$242.5 million in 2007, due primarily to reduced depreciation charges reflecting longer useful lives for certain global technology initiatives. During the three months ended December 31, 2008, charges of \$5.1 million were recorded related to vacating leased property; however these charges were offset during the year by downward adjustments in rent costs for sublet office property of \$8.2 million. Rent expense during the year ended December 31, 2007, included a \$7.4 million charge related to vacating leased property.

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 decreased by \$29.8 million (10.1%) to \$266.0 million in 2008 from \$295.8 million in 2007. During the three months ended December 31, 2007, we recorded \$12.8 million of expense related to the relisting of the company on the New York Stock Exchange and a \$9.8 million charge related to the proposed final settlement of market-timing private litigation that commenced in 2003.

Operating Income, Net Operating Income, Operating Margin and Net Operating Margin

Operating income decreased 24.8% to \$747.8 million in 2008 from \$994.3 million in 2007, driven by the declines in operating revenues from reduced AUM. Operating margin (operating income divided by operating revenues) was 22.6% in 2008, down from 25.6% in 2007. Net operating income (operating income plus our proportional share of the operating income from joint venture arrangements) decreased 24.3% to \$787.5 million in 2008 from \$1,039.8 million in 2007. Net operating margin is equal to net operating income divided by net revenues. Net revenues are equal to operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of the net revenues from our joint venture arrangements. Net operating margin was 31.6% in 2008, down from 36.0% in 2007. See “Schedule of Non-GAAP Information” for a reconciliation of operating revenues to net revenues, a reconciliation of operating income to net operating income and additional important disclosures regarding net revenues, net operating income and net operating margins.

Other Income and Expenses

Interest income decreased 23.3% to \$37.2 million in 2008 from \$48.5 million in 2007 due to the combination of lower interest rates and lower average cash and cash equivalents balances in 2008. The decrease in yields was consistent with the market movement from 2007 to 2008. Interest expense increased 7.9% to \$76.9 million in 2008 from \$71.3 million in 2007 due to increases in the average debt balance in 2008, which were only partially offset by lower debt costs in 2008.

Other gains and losses, net were a net loss of \$39.9 million in 2008, compared to a net gain of \$9.9 million in 2007. The 2008 net loss included \$22.7 million in other-than-temporary impairment charges related to the valuations of investments in certain of our CLO products (2007: \$5.4 million) and \$8.5 million in other-than-temporary impairment charges related to other seed money in affiliated funds (2007: \$0 million). The impairment of the CLO products arose principally from increases in discount rates and extended cash flow projections used in the valuation models, and the impairment of the seed money arose principally due to extended declines in market values of the underlying funds. \$14.2 million of the combined impairment charges arose during the three months ended December 31, 2008.

Included in other gains and losses, net are net gains on disposals of investments of \$4.3 million in 2008 (2007: \$24.0 million), primarily driven by a gain of \$7.4 realized upon the maturity of a CLO product in which the company had invested. Also included in other losses are net foreign exchange losses, primarily associated with long-term intercompany financing. In the year ended December 31, 2008, we incurred \$13.0 million in net foreign exchange losses (2007: \$10.3 million), largely the result of the weakening of the Pound Sterling to the Euro and U.S. dollar in the three months ended December 31, 2008. See Item 8, “Financial Statements and Supplementary Data — Note 14, Other Gains and Losses, Net,” for additional details related to other gains and losses.

Included in other income and expenses are net realized and unrealized gains of consolidated investment products. In 2008, the net losses of consolidated investment products were \$58.0 million, compared to net gains of \$214.3 million in 2007, reflecting the changes in market values of the investments held by consolidated investment products and the deconsolidation of certain variable interest entities for which we determined that we were no longer the primary beneficiary. Invesco invests in a small equity portion of these products, and as a result the majority of these gains and losses are offset by minority interests.

Income Tax Expense

Our subsidiaries operate in several taxing jurisdictions around the world, each with its own statutory income tax rate. As a result, our effective tax rate will vary from year to year depending on the mix of the profits and losses of our subsidiaries. The majority of our profits are earned in the U.S., Canada and the U.K. The current U.K. statutory tax rate is 28.0%, the Canadian statutory tax rate is 33.5% and the U.S. Federal statutory tax rate is 35.0%.

The U.K.'s tax rate decreased from 30% to 28.0% effective April 1, 2008. On December 14, 2007, legislation was enacted to reduce the Canadian income tax rate over five years. Beginning January 1, 2008, the Canadian rate was reduced to 33.5%, with further reductions to 33.0% in 2009, 32.0% in 2010, 30.5% in 2011, and finally 29.0% in 2012.

Our effective tax rate excluding minority interest for 2008 was 32.9%, as compared to 34.6% in 2007. The decrease related primarily to a net reduction in our FIN 48 reserves, lower state taxes, and reduced taxes on subsidiary dividends in excess of an increase in the net valuation allowance for subsidiary operating losses and certain investment write-downs that did not give rise to tax benefits. Our effective tax rate, after minority interests, increased to 52.9% for the three months ended December 31, 2008, largely as a result of the investment write-downs. 2007 included a reduction in our Canadian and U.K. deferred tax assets to reflect the tax rate changes discussed above and transaction costs associated with our change in listing and domicile that were not deductible for tax purposes.

The inclusion of income from minority interests increased our effective tax rate to 35.9% in 2008 and reduced it to 28.7% in 2007.

Results of Operations for the Year Ended December 31, 2007, Compared with the Year Ended December 31, 2006

Operating Revenues and Net Revenues

Operating revenues increased by 19.5% in 2007 to \$3,878.9 million (2006: \$3,246.7 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. Net revenues increased by 19.0% in 2007 to \$2,888.4 million (2006: \$2,428.0 million). See "Schedule of Non-GAAP Information" for additional important disclosures regarding the use of net revenues. The main categories of revenues, and the dollar and percentage change between the periods, are as follows:

\$ in millions	2007	2006	\$ Change	% Change
Investment management fees	3,080.1	2,508.2	571.9	22.8
Performance fees	70.3	82.1	(11.8)	(14.4)
Service and distribution fees	593.1	534.9	58.2	10.9
Other	135.4	121.5	13.9	11.4
Total operating revenues	3,878.9	3,246.7	632.2	19.5
Third-party distribution, service and advisory expenses	(1,051.1)	(826.8)	(224.3)	(27.1)
Proportional share of revenues, net of third-party distribution expenses, from joint venture investments	60.6	8.1	52.5	648.1
Net revenues	2,888.4	2,428.0	460.4	19.0

Investment Management Fees

Investment management fees increased 22.8% in 2007 to \$3,080.1 million (2006: \$2,508.2 million) due to increases in AUM during the year. AUM at December 31, 2007, were \$500.1 billion (2006: \$462.6 billion).

Performance Fees

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 absolute performance. In 2007, these fees decreased 14.4% to \$70.3 million (2006: \$82.1 million). The performance fees generated in 2006 were the result of outstanding investment performance across a number of our investment disciplines.

Service and Distribution Fees

In 2007, service and distribution fees increased 10.9% to \$593.1 million (2006: \$534.9 million) due to increased sales and AUM.

Other Revenues

In 2007, other revenues increased 11.4% to \$135.4 million (2006: \$121.5 million) driven by increases in sales volumes of funds subject to front-end commissions, offset by declines in real estate transaction fees from 2006. Increases in other revenues were also offset by decreases in the revenues of consolidated investment products, which were primarily the result of the deconsolidation of certain variable interest entities following the company's determination that it was no longer the primary beneficiary of those entities in 2007. See Item 8, "Financial Statements and Supplementary Data — Note 17, Consolidated Investment Products."

Third-Party Distribution, Service and Advisory Expenses

Third-party distribution, service and advisory expenses increased 27.1% in 2007 to \$1,051.1 million (2006: \$826.8 million), driven by increased renewal commissions generated by increased AUM. Additionally, the trend towards platform and fund supermarket sales in the U.K. has further contributed to the increase in these expenses.

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

The 648.1% increase in our proportional share of revenues, net of third-party distribution expenses, to \$60.6 million in 2007 (2006: \$8.1 million), is driven by the significant growth in AUM in our 49% joint venture investment in Invesco Great Wall Fund Management Company Limited.

Operating Expenses

During 2007, operating expenses increased 16.0% to \$2,884.6 million (2006: \$2,487.5 million), driven by increases in employee compensation, third-party distribution, service and advisory expenses and general and administrative expenses.

The main categories of operating expenses are as follows:

\$ in millions	2007	2006	\$ Change	% Change
Employee compensation	1,137.6	1,070.5	67.1	6.3
Third-party distribution, service and advisory	1,051.1	826.8	224.3	27.1
Marketing	157.6	138.8	18.8	13.5
Property, office and technology	242.5	230.7	11.8	5.1
General and administrative	295.8	207.6	88.2	42.5
Restructuring charge	—	13.1	(13.1)	(100.0)
Total operating expenses	2,884.6	2,487.5	397.1	16.0

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 expenses.

\$ in millions	2007	% of Total Operating Expenses	% of Operating Revenues	2006	% of Total Operating Expenses	% of Operating Revenues
Employee compensation	1,137.6	39.4%	29.3%	1,070.5	43.0%	33.0%
Third-party distribution, service and advisory	1,051.1	36.4%	27.1%	826.8	33.2%	25.5%
Marketing	157.6	5.5%	4.1%	138.8	5.6%	4.3%
Property, office and technology	242.5	8.4%	6.3%	230.7	9.3%	7.1%
General and administrative	295.8	10.3%	7.6%	207.6	8.3%	6.4%
Restructuring charge	—	—	—	13.1	0.6%	0.4%
Total operating expenses	2,884.6	100.0%	74.4%	2,487.5	100.0%	76.7%

Employee Compensation

Employee compensation increased \$67.1 million, or 6.3%, in 2007 from 2006 due predominantly to increases in base salaries, sales incentive bonuses and staff bonuses for performance against corporate objectives, and \$25.0 million in amortization related to a component of the cost of the October 2006 acquisition of WL Ross & Co., which was accounted for as prepaid compensation (see Item 8, “Financial Statements and Supplementary Data — Note 2, Acquisitions”).

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 increased 13.5% in 2007 to \$157.6 million (2006: \$138.8 million) due to increased marketing support payments related to increased sales and AUM in the U.S.

Property, Office and Technology

Property, office and technology costs increased 5.1% to \$242.5 million in 2007 from \$230.7 million in 2006, due primarily to a \$7.4 million lease charge related to vacating leased property.

General and Administrative

General and administrative expenses increased by \$88.2 million (42.5%) to \$295.8 million in 2007 from \$207.6 million in 2006. This increase included growth in legal and other costs related to a \$24.0 million insurance recovery in 2006 and to fund launch costs for a broad array of new ETF products through PowerShares. In addition, during the three months ended December 31, 2007, we recorded \$12.8 million of expense related to the relisting of the company on the New York Stock Exchange and a \$9.8 million charge related to the proposed final settlement of market-timing private litigation that commenced in 2003.

Restructuring Charge

We did not incur any restructuring costs in 2007. In 2006, we recorded \$13.1 million in remaining charges related to the operational restructuring efforts that began in 2005.

Operating Income, Net Operating Income, Operating Margin and Net Operating Margin

Operating income increased 31.0% to \$994.3 million in 2007 from \$759.2 million in 2006, driven by the growth in operating revenues. Operating margin (operating income divided by operating revenues) was 25.6% in 2007, up from 23.4% in 2006. Net operating income (operating income plus our proportional share of the operating income from joint venture arrangements) increased 36.4% to \$1,039.8 million in 2007 from \$762.1 million in 2006. Net operating margin is equal to net operating income divided by net revenues. Net revenues are equal to operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of the net revenues from our joint venture arrangements. Net operating margin was 36.0% in 2007, up from 31.4% in 2006. See “Schedule of Non-GAAP Information” for a reconciliation of operating revenues to net revenues, a reconciliation of operating income to net operating income and additional important disclosures regarding net revenues, net operating income and net operating margins.

Other Income and Expenses

Interest income increased 80.3% to \$48.5 million in 2007 from \$26.9 million in 2006 largely as a result of growth in our interest-earning cash balances during the year. Interest expense decreased 7.6% to \$71.3 million in 2007 from \$77.2 million in 2006 due to lower credit facility balances and a lower coupon interest rate on the new senior notes issued in April 2007.

Other gains and losses, net decreased 63.1% to \$9.9 million in 2007 from \$26.8 million in 2006. Included in other gains and losses, net are gains on disposals of investments, which increased to \$32.2 million in 2007 from \$18.1 million in 2006, primarily driven by gains realized upon the redemption of seed money investments, offset by a loss of \$8.2 million incurred upon the liquidation of a fund investment. Also included in other gains and losses, net are net foreign exchange gains and losses. In 2007, we incurred \$10.3 million in net foreign exchange losses; whereas in 2006 we benefited from \$8.5 million in net foreign exchange gains. Additionally, we incurred \$5.4 million in write-downs and losses on certain CLO investments during 2007 (2006: \$1.7 million). See Item 8, “Financial Statements and Supplementary Data — Note 14, Other Gains and Losses, Net,” for additional details related to other gains and losses.

Included in other income and expenses are net other realized and unrealized gains of consolidated investment products. These net gains decreased 27.2% to \$214.3 million in 2007 from \$294.3 million in 2006, primarily due to the deconsolidation of certain variable interest entities for which we determined that we were no longer the primary beneficiary.

Income Tax Expense

Our subsidiaries operate in several taxing jurisdictions around the world, each with its own statutory income tax rate. As a result, our effective tax rate will vary from year to year depending on the mix of the profits and losses of our subsidiaries. The majority of our profits are earned in the U.S., Canada and the U.K. The U.K. statutory tax rate was 30.0%, the Canadian statutory tax rate was 36.0% and the U.S. Federal statutory tax rate was 35.0% for both 2007 and 2006.

The U.K.’s tax rate decreased from 30% to 28.0% effective April 1, 2008. On December 14, 2007, legislation was enacted to reduce the Canadian income tax rate over five years. Beginning January 1, 2008, the Canadian tax rate will be reduced to 33.5%, with further reductions to 33.0% in 2009, 32.0% in 2010, 30.5% in 2011, and finally 29.0% in 2012.

Our effective tax rate excluding minority interest for 2007 was 34.6%, as compared to 34.5% in 2006. In 2007 a larger percentage of our profits originated from the U.K. than in 2006, which further decreased our effective tax rate. Similar to 2006, this reduction was offset by state taxes, additional taxes on subsidiary dividends, and an increase in the net valuation allowance for subsidiary operating losses. In 2007, we also reduced our Canadian and U.K. deferred tax assets to reflect the tax rate changes discussed above and we incurred transaction costs associated with our change in listing and domicile that were not deductible for tax purposes.

The inclusion of income from minority interests reduced our effective tax rate to 28.7% in 2007 and 24.6% in 2006.

Schedule of Non-GAAP Information

Net revenues, net operating income and net operating margin are non-GAAP financial measures. The most comparable U.S. GAAP measures are operating revenues, operating income and operating margin. Management believes that the deduction of third-party distribution, service and advisory expenses from operating revenues in the computation of net revenues and the related computation of net operating margin provides useful information to investors because the distribution, service and advisory fee amounts represent costs that are passed through to external parties, which essentially are a share of the related revenues. Management also believes that the addition of our proportional share of revenues, net of distribution expenses, from joint venture investments in the computation of net revenues and the addition of our proportional share of operating income in the related computations of net operating income and net operating margin also provide useful information to investors, as management considers it appropriate to evaluate the contribution of its joint venture investment to the operations of the business. Net revenues, net operating income and net operating margin 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.

The following is a reconciliation of operating revenues, operating income and operating margin on a U.S. GAAP basis to net revenues, net operating income and net operating margin.

\$ in millions	Years Ended December 31,		
	2008	2007	2006
Operating revenues, GAAP basis	3,307.6	3,878.9	3,246.7
Third-party distribution, service and advisory expenses	(875.5)	(1,051.1)	(826.8)
Proportional share of revenues, net of third-party distribution expenses, from joint venture investments	57.3	60.6	8.1
Net revenues	2,489.4	2,888.4	2,428.0
Operating income, GAAP basis	747.8	994.3	759.2
Proportional share of operating income from joint venture investments	39.7	45.5	2.9
Net operating income	787.5	1,039.8	762.1
Operating margin*	22.6%	25.6%	23.4%
Net operating margin**	31.6%	36.0%	31.4%

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

** Net operating margin is equal to net operating income divided by net revenues.

Balance Sheet Discussion

The following table presents a comparative analysis of significant balance sheet line items:

\$ in millions	2008	2007	\$ Change	% Change
Cash and cash equivalents	585.2	915.8	(330.6)	(36.1)
Unsettled fund receivables	303.7	605.5	(301.8)	(49.8)
Current investments	123.6	151.4	(27.8)	(18.4)
Assets held for policyholders	840.2	1,898.0	(1,057.8)	(55.7)
Non-current investments	121.3	114.1	7.2	6.3
Investments of consolidated investment products	843.8	1,239.6	(395.8)	(31.9)
Goodwill	5,966.8	6,848.0	(881.2)	(12.9)
Policyholder payables	840.2	1,898.0	(1,057.8)	(55.7)
Current maturities of long-term debt	297.2	—	297.2	100.0
Long-term debt	862.0	1,276.4	(414.4)	(32.5)
Minority interests in equity of consolidated affiliates	906.7	1,121.2	(214.5)	(19.1)
Shareholders' equity	5,689.5	6,590.6	(901.1)	(13.7)

Cash and Cash Equivalents

Cash and cash equivalents decreased from December 31, 2007, to December 31, 2008, primarily because cash provided by our operating activities was exceeded by cash used for financing and investment activities; including the purchase of our shares in the market under our share repurchase program and payments to reduce the drawn balance on our credit facility. Details regarding changes in cash balances are provided within our Consolidated Statements of Cash Flows.

Invesco has local capital requirements in several jurisdictions, as well as regional requirements for entities that are part of the European sub-group. 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, 2008, the European sub-group had cash and cash equivalent balances of \$427.9 million, much of which is used to satisfy these regulatory requirements. We are in compliance with all regulatory minimum net capital requirements.

Unsettled Fund Receivables

Unsettled fund receivables decreased from \$605.5 million at December 31, 2007, to \$303.7 million at December 31, 2008, due to lower transaction activities. Unsettled fund receivables are created by the normal settlement periods on transactions initiated by certain clients of our U.K. and offshore funds. We are legally required to establish a receivable and a substantially offsetting payable at trade date with both the investor and the fund for normal purchases and sales.

Investments (Non-current and current)

As of December 31, 2008, we had \$244.9 million in investments, of which \$121.3 million were non-current investments and \$123.6 million were current investments. Included in current investments are \$69.1 million of seed money in affiliated funds and \$35.5 million of investments related to assets held for deferred compensation plans. Included in non-current investments are \$95.3 million in equity method investments in our Chinese joint venture and in certain of the company's private equity, real estate and other investment products. Additionally, non-current investments include \$17.5 million of investments in collateralized loan obligation structures managed by Invesco. Our investments in collateralized loan obligation structures are generally in the form of a relatively small portion of the unrated, junior, subordinated position. As such these positions would share in the first losses to be incurred if the structures were to experience significant increases in default rates of underlying investments above historical levels.

Assets Held for Policyholders and Policyholder Payables

One of our subsidiaries, Invesco Pensions 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 decreasing balance in these accounts was the result of the transfer of a portion of our U.K. pension administration operations to another provider, foreign exchange movements and the decline in the market values of these assets and liabilities.

Investments of consolidated investment products

Financial Accounting Standards Board Interpretation (FIN) No. 46(R), "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" requires that the primary beneficiary of variable interest entities (VIEs) consolidate the VIEs. A VIE is an entity that does not have sufficient equity to finance its operations without additional subordinated financial support, or an entity for which the risks and rewards of ownership are not directly linked to voting interests. 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 also VIEs. The primary beneficiary is the party to the VIE who absorbs a majority of the losses or absorbs the majority of the rewards generated by the VIE. Emerging Issues Task Force (EITF) Issue No. 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" requires that the general partner in a partnership that is not a VIE consolidate the partnership, because the general partner is deemed to control the partnership where the other limited partner do not have substantive kick-out, liquidation or participation rights. Investments of consolidated investment products include the investments of both consolidated VIEs, and partnerships that have been consolidated under EITF 04-5. Investment products are also consolidated under FASB Statement No. 94, "Consolidation of All Majority-Owned Subsidiaries," if appropriate.

As of December 31, 2008, investments of consolidated investment products totaled \$843.8 million (2007: \$1,239.6 million). These investments are offset primarily in minority interests on the Consolidated Balance Sheets, as the company's equity investment in these structures is very small. The decrease from 2007 reflects the impact of declining market values and the deconsolidation of certain previously consolidated VIEs resulting from the company's determination that it was no longer the primary beneficiary of these entities.

Goodwill

Goodwill decreased from \$6,848.0 million at December 31, 2007, to \$5,966.8 million at December 31, 2008, primarily due to the impact of foreign currency translation for certain subsidiaries whose functional currency differs from that of the parent. The weakening of the U.S. dollar during 2008, mainly against the Canadian dollar and Pound Sterling, resulted in a \$926.3 million decrease in goodwill, upon consolidation, with a corresponding decrease to equity. Additional goodwill was recorded in 2008 related to the earn-out on the WL Ross acquisition (\$43.8 million). 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.

Due to the declines in global markets experienced during the three months ended December 31, 2008, the company conducted an interim goodwill impairment test at October 31, 2008, and determined that no impairment existed at that date. Interim impairment conclusions, including a reassessment of key assumptions, were reviewed again at December 31, 2008, and the company concluded that no significant changes had occurred.

Current Portion of Long-term Debt

This balance increased from December 31, 2007, as a result of the reclassification out of long-term and into current of \$297.2 million 4.5% senior notes that mature on December 15, 2009.

Long-term Debt

The decrease in this balance was due to the repayment of borrowings under the credit facility.

Minority interests in equity of consolidated entities

Minority interests in equity of consolidated entities decreased from \$1,121.2 million at December 31, 2007, to \$906.7 million at December 31, 2008, primarily due to the impact of declining market values and the deconsolidation of VIEs for which the company determined that it was no longer the primary beneficiary of the arrangements as a result of reconsideration events. The minority interests in equity of consolidated entities are generally offset by the investments of consolidated investment products, as the company's equity investments in these investment products are very small.

Total Equity

Shareholders' equity decreased from \$6,590.6 million at December 31, 2007, to \$5,689.5 million at December 31, 2008, a decrease of \$901.1 million. The decrease included foreign currency translation losses of \$1,034.2 million with respect to subsidiaries whose functional currency differs from that of the parent together with \$318.0 million of share repurchases, offset by net income of \$481.7 million, and share issuances on employee option exercises of \$75.7 million. Dividends totaling \$207.1 million were recorded during 2008.

Liquidity and Capital Resources

The existing capital structure of the company, together with the cash flows from operations and borrowings under the credit facility, should provide the company with sufficient resources to meet present and future cash needs. We believe that our cash flows from operations and credit facilities, together with our ability to obtain alternative sources of financing, will enable us to meet operating, debt and other obligations as they come due and anticipated future capital requirements. Future obligations include the maturity of the remaining \$297.2 million 4.5% senior notes due December 15, 2009, and the expiration of the \$900 million credit facility on March 31, 2010. Our ability to access the capital markets in a timely manner depends on a number of factors including our credit rating, 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.

Invesco has local capital requirements in several jurisdictions, as well as regional requirements for entities that are part of the European sub-group. These requirements require 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, 2008, the European sub-group had cash and cash equivalent balances of \$427.9 million, much of which is used to satisfy these regulatory requirements. We are in compliance with all regulatory minimum net capital requirements.

Cash Flows

The ability to consistently generate cash from operations in excess of capital expenditures and dividend payments 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 consolidated investment products (discussed in Item 8, “Financial Statements and Supplementary Data — Note 17, Consolidated Investment Products”) are reflected in Invesco’s cash provided by operating activities, used in investing activities and used in financing activities. Cash held by consolidated investment products is not available for general use by Invesco, nor is Invesco cash available for general use by its consolidated investment products.

Cash flows for the years ended December 31, 2008, 2007 and 2006 are summarized as follows:

\$ in millions	2008	2007	2006
Cash flow from:			
Operating activities	495.7	913.7	455.9
Investing activities	(68.6)	(46.4)	(258.7)
Financing activities	(666.4)	(740.8)	(163.1)
(Decrease)/increase in cash and cash equivalents	(239.3)	126.5	34.1
Cash and cash equivalents, beginning of year	915.8	778.9	709.5
Foreign exchange	(91.3)	10.4	35.3
Cash and cash equivalents, end of year	<u>585.2</u>	<u>915.8</u>	<u>778.9</u>

Operating Activities

Cash provided by operating activities is generated by the receipt of investment management and other fees generated from AUM, offset by operating expenses.

Cash provided by operating activities in 2008 was \$495.7 million, a decrease of \$418.0 million or 45.7% over 2007. Changes in operating assets and liabilities contributed \$241.6 million of the decrease, and lower net income contributed a further \$191.9 million of the decrease in cash flows generated from operating activities.

Cash provided by operating activities in 2007 was \$913.7 million, an increase of \$457.8 million or 100.4% over 2006. Changes in operating assets and liabilities contributed \$307.2 million of the increase, and higher net income contributed \$190.9 million of the increase in cash flows generated from operating activities.

Investing Activities

In our institutional operations, we periodically invest in our collateralized loan obligation structures, through a relatively small portion of the unrated, junior subordinated position, and in our private equity funds, as is customary in the industry. Other investors into these structures have no recourse against the company for any losses sustained in the structures. Many of our private equity products are structured as limited partnerships. Our investment may take the form of the general partner or as a limited partner. We received \$26.4 million (2007: \$10.1 million; 2006: \$13.6 million) in return of capital from such investments. We also make seed investments in affiliated funds to assist in the launch of new funds. During 2008, we invested \$70.6 million in new funds and recaptured \$33.5 million from redemptions of prior investments.

During the fiscal years ended December 31, 2008, 2007 and 2006, our capital expenditures were \$84.1 million, \$36.7 million and \$37.9 million, respectively. The increase over 2007 is primarily due to leasehold improvements related to new headquarters space. Other expenditures related principally in each year to technology initiatives, including new 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. During the fiscal years ended December 31, 2008, 2007 and 2006, our capital divestitures were not significant relative to our total fixed assets.

Net cash outflows of \$174.3 million in 2008 and \$56.0 million in 2007 related primarily to acquisition earn-out payments related to the 2006 acquisitions of PowerShares and WL Ross & Co.

Financing Activities

Net cash used in financing activities reduced from \$740.8 million in 2007 to \$666.4 million in 2008, primarily due to lower levels of purchases of treasury shares. Cash used for treasury share purchases in 2008 totaled \$313.4 million compared to \$716.0 million in 2007.

Net cash used in financing activities increased from \$163.1 million in 2006 to \$740.8 million in 2007 as the increase in net inflows from share issuances were offset by the increase in dividends paid and purchase of treasury shares. A summary of shares purchased by month for the fourth quarter of 2008 is presented in Part II, Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.”

Dividends

In 2008, Invesco began declaring and paying dividends on a quarterly basis in arrears. The 2008 quarterly dividend was \$0.10 per Invesco Ltd. common share. On October 27, 2008, the company declared the third quarter cash dividend, which was paid on December 17, 2008, to shareholders of record as of November 26, 2008. On January 30, 2009, the company declared the fourth quarter cash dividend, which will be paid on March 11, 2009, to shareholders of record as of February 25, 2009. The 2008 total dividend of \$0.40 per share represented a 4.2% increase over the 2007 total dividend of \$0.384 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.

The following table sets forth the historical amounts for interim, final and total dividends per American Depositary Share in respect of each year indicated:

Years Ended December 31,	U.S. Cents per American Depositary Share				
	Interim	Final		Total	
2007	16.40	22.00		38.40	
2008	Q1	Q2	Q3	Q4	Total
	10.0	10.0	10.0	10.0	40.0

Share Repurchase Plan

In March 2008, the company completed the \$500.0 million share repurchase program that was authorized by the board of directors in June 2007. On April 23, 2008, the board of directors authorized a new share repurchase program of up to \$1.5 billion with no stated expiration date. During the year ended December 31, 2008, 12.3 million shares of Invesco Ltd. were purchased in the market at a cost of \$313.4 million, including 0.7 million of shares purchased directly from current executives for \$20.0 million. These shares were recorded as treasury shares on the Consolidated Balance Sheets. The company did not make any purchases in the three months ended December 31, 2008, under the \$1.5 billion authorization, but did purchase 11,638 shares at a cost of \$121,965 from a current officer of the company. Additionally, an aggregate of 0.3 million shares were withheld on vesting events during the year ended December 31, 2008, to meet employees’ tax obligations. The value of these shares withheld was \$4.6 million.

Debt

Our total indebtedness at December 31, 2008, is \$1,159.2 million (December 31, 2007: \$1,276.4 million) and is comprised of the following:

\$ in millions

Unsecured Senior Notes:	2008	2007
4.5% — due December 15, 2009	297.2	300.0
5.625% — due April 17, 2012	300.0	300.0
5.375% — due February 27, 2013	350.0	350.0
5.375% — due December 15, 2014	200.0	200.0
Floating rate credit facility expiring March 31, 2010	12.0	126.4
Total long-term debt	1,159.2	1,276.4
Less: current maturities of long-term debt	297.2	—
Long-term debt	862.0	1,276.4

For the three months and year ended December 31, 2008, the company's weighted average cost of debt was 4.93% and 4.87%, respectively (three months and year ended December 31, 2007: 5.24% and 5.22%, respectively.) Long-term debt decreased from \$1,276.4 million at December 31, 2007, to \$1,159.2 million at December 31, 2008, due primarily to repayment of borrowings under our floating rate credit facility as well as repurchases of long-term debt. On November 24, 2008, the company received board authorization to begin repurchasing up to \$120 million of the \$300 million 4.5% senior notes due December 15, 2009, in open market and privately negotiated transactions. As of December 31, 2008, the company has repurchased \$2.8 million at 93.28% of par value. Due to the infrequency with which these bonds trade, it is unlikely that the firm will be able to retire significant amounts of this debt in the open market.

In the past, debt issuance proceeds have been used by the company to form part of the consideration paid for acquisitions and also for the integration of the acquired businesses over time. On January 16, 2007, \$300.0 million of our 5.9% senior notes matured and was paid using a draw on our credit facility. On April 17, 2007, the company issued \$300.0 million five-year 5.625% senior notes. The net proceeds from the offering were used to repay amounts outstanding under our credit facility and for general corporate purposes. Interest is paid semi-annually on the senior notes. The senior notes are unsecured.

On March 31, 2005, we entered into a five-year unsecured \$900.0 million credit facility with a group of lenders that was amended and restated in December 2007 in conjunction with the redomicile and relisting of the company. The company draws and repays its credit facility balances and utilizes the credit facility for working capital and other cash needs. The financial covenants under our credit agreement include a leverage ratio of not greater than 3.25:1.00 (debt/EBITDA, as defined in the credit facility) and an interest coverage ratio of not less than 4.00:1.00 (EBITDA as defined in the credit facility/interest payable for the four consecutive fiscal quarters). The breach of any covenant would result in a default under the credit facility, which could lead to lenders requiring all balances under the credit facility, together with accrued interest and other fees, to be immediately due and payable. 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, transfer assets, merge, make loans and other investments and create liens. As of December 31, 2008, we were in compliance with our debt covenants. The coverage ratios, as defined in our credit facility, were as follows during 2008, 2007 and 2006:

	2008			
	Q1	Q2	Q3	Q4
Leverage Ratio	1.25	1.11	1.17	1.28
Interest Coverage Ratio	16.99	16.53	15.19	12.20

	2007			
	Q1	Q2	Q3	Q4
Leverage Ratio	1.18	0.97	0.91	1.04
Interest Coverage Ratio	12.96	13.54	14.30	17.81

	2006			
	Q1	Q2	Q3	Q4
Leverage Ratio	1.62	1.60	1.46	1.24
Interest Coverage Ratio	9.22	10.69	11.67	12.93

We have received credit ratings of A3 and BBB+ from Moody's and Standard & Poor's credit rating agencies, respectively, as of the date of this Annual Report on Form 10-K. Both Standard & Poor's and Moody's have a "stable" outlook for the rating as of the date of this Annual Report on Form 10-K. According to Moody's, obligations rated 'A' are considered upper medium grade and are subject to low credit risk. Invesco's rating of A3 is at the low end of the A range (A1, A2, A3), but three notches above the lowest investment grade rating of Baa3. Standard and Poor's rating of BBB+ is at the upper end of the BBB rating, with BBB- representing Standard and Poor's lowest investment grade rating. According to Standard and Poor's, BBB obligations exhibit adequate protection parameters; however adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. We believe that rating agency concerns include but are not limited to: our ability to sustain net positive asset flows across customer channels, product type and geographies, our substantial indebtedness, and our ability to maintain consistent positive investment performance. Additionally, the rating agencies could decide to downgrade the entire asset 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. Because our credit facility borrowing rates are not tied to credit ratings, and interest rates on our outstanding senior notes are fixed, there is no direct correlation between changes in ratings and interest expense of the company. However, 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. Disclosure of these ratings is not a recommendation to buy, sell or hold our debt. These credit ratings may be subject to revision or withdrawal at anytime by Moody's or Standard & Poor's. Each rating should be evaluated independently.

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; however, we have chosen to limit the number of firms with which we invest. 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, 2008, our maximum exposure to credit risk related to our cash and cash equivalent balances is \$585.2 million. Cash and cash equivalents invested in affiliated money market funds (related parties) totaled \$172.3 million at December 31, 2008.
- Certain trust subsidiaries of the company accept deposits and place deposits with other institutions on behalf of our customers. As of December 31, 2008, our maximum exposure to credit risk related to these transactions is \$0.9 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 \$1,159.2 million in total long-term 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

The company transacts 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. Certain of these investments are considered to be variable interest entities of which the company is the primary beneficiary and certain of these investments are limited partnerships for which the company is the general partner and is deemed to have control (with the absence of substantive kick-out, liquidation or participation rights of the other limited partners) and are consolidated into the company's financial statements under EITF 04-5 (see Item 8, "Financial Statements and Supplementary Data — Note 17, Consolidated Investment Products" and "Note 1, Accounting Policies" for additional information on consolidated and unconsolidated investment products).

Many of the company's investment products are structured as limited partnerships. Our investment may take the form of the general partner or as a limited partner, and the entities are structured such that each partner makes capital commitments that are to be drawn down over the life of the partnership as investment opportunities are identified. At December 31, 2008, our undrawn capital commitments were \$36.5 million (2007: \$60.2 million).

The volatility and valuation dislocations that occurred during 2007 and 2008 in certain sectors of the fixed income market have generated some pricing issues in many areas of the market. As a result of these valuation dislocations, during the fourth quarter of 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 accredited investors. In December 2008, the agreements were amended to extend the term through June 30, 2009. As of December 31, 2008, the committed support under these agreements was \$43.0 million with an internal approval mechanism to increase the maximum possible support to \$64.5 million at the option of the company. The fair value of these agreements at December 31, 2008, was estimated to be \$5.5 million, which was recorded as a guarantee obligation. No payments have been made under either agreement nor has Invesco realized any losses from the support agreements. These trusts were not consolidated because the company was not deemed to be the primary beneficiary under FIN 46R.

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, 2008:

\$ in millions	Total ⁽⁴⁾⁽⁵⁾	Within 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Total debt	1,159.2	297.2	312.0	550.0	—
Estimated interest payments on total debt ⁽¹⁾	221.7	59.9	92.9	68.9	—
Finance leases	0.3	0.2	0.1	—	—
Operating leases ⁽²⁾	478.9	56.6	96.6	86.2	239.5
Defined benefit pension and postretirement medical obligations ⁽³⁾	318.0	7.4	16.8	19.4	274.4
Total	2,178.1	421.3	518.4	724.5	513.9

- (1) Total debt includes \$1,159.2 million of fixed rate debt. Fixed interest payments are therefore reflected in the table above in the periods they are due. The credit facility, \$900.0 million at December 31, 2008, provides for borrowings of various maturities. Interest is payable based upon LIBOR, Prime, Federal Funds or other bank-provided rates in existence at the time of each borrowing. Estimated credit facility interest payments in the table above are based upon an assumption that the credit facility balance of \$12.0 million and the interest rate that existed at December 31, 2008, will remain until credit facility maturity on March 31, 2010.

- (2) Operating leases reflect obligations for leased building space and sponsorship and naming rights agreements. See Part II, Item 8, “Financial Statements and Supplementary Data — Note 19, Operating Leases” for sublease information.
- (3) The defined benefit obligation of \$318.0 million is comprised of \$271.2 million related to pension plans and \$46.8 million related to a postretirement medical plan. The fair value of plan assets at December 31, 2008, was \$224.6 million for the retirement plan and \$6.3 million for the medical plan. See Part II, Item 8, “Financial Statements and Supplementary Data — Note 20, Retirement Benefit Plans” for detailed benefit pension and postretirement plan information.
- (4) Other contingent payments at December 31, 2008, include \$500.0 million related to the PowerShares acquisition and \$165.0 million related to the WL Ross & Co. acquisition, which are excluded until such time as they are probable and reasonably estimable.
- (5) Due to the uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at December 31, 2008, the company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$55.9 million of gross unrecognized tax benefits have been excluded from the contractual obligations table above. See Part II, Item 8, “Financial Statements and Supplementary Data, Note 15 — Taxation” for a discussion on income taxes.

Critical Accounting Policies and Estimates

Our significant accounting policies are disclosed in Part II, Item 8, “Financial Statements and Supplementary Data — Note 1, Accounting Policies” to our Consolidated Financial Statements. 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. Different estimates reasonably could have been used in the current period that would have had a material effect on these financial statements, and changes in these estimates are likely to occur from period-to-period in the future.

Share-Based Compensation. We have issued equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. These awards consist of restricted share awards (RSAs), restricted share units (RSUs) and share option awards. 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 a defined vesting period of continued employee service upon the company’s attainment of certain performance criteria, generally the attainment of cumulative EPS growth targets at the end of the vesting period reflecting a compound annual growth rate of between 10.0% and 15.0% per annum during a three-year period. Time-vested and performance-vested share awards are granted in the form of RSAs or RSUs. Dividends accrue directly to the employee holder of RSAs, and cash payments in lieu of dividends are made to employee holders of certain RSUs. There is therefore no discount to the fair value of these share awards at their grant date.

The fair value of these awards is determined at the grant date and is expensed on a straight-line basis over the vesting period, based on the company’s estimate of shares that will eventually vest. The forfeiture rate applied to most grants is 5% per annum, based upon our historical experience with respect to employee turnover. Fair value for RSAs and RSUs representing equity interests identical to those associated with shares traded in the open market are determined using the market price at the time of grant. Fair value is measured by use of the Black Scholes valuation model for certain RSUs that do not include dividend rights and a stochastic model (a lattice-based model) for share option awards. The expected life of share-based payment awards used in these models is adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Changes in the assumptions used in the stochastic valuation model for share option awards, as well as changes in the company’s estimates of vesting (including the company’s evaluation of performance conditions associated with certain share-based payment awards and assumptions used in determining award lapse rates) could have a material impact on the share-based payment charge recorded in each year. During the three months ended December 31, 2008, the company reversed cumulative costs previously recognized related to performance-based share awards granted in 2007 based upon the expectation that the required performance targets for the vesting of these awards will not be attained and the awards will not vest. There have been no grants of share options since 2005.

RSUs that do not include dividend rights or cash payments in lieu of dividends are valued using the Black Scholes model. There were no such awards granted in 2008 or 2007. The assumptions used in the Black Scholes model for these awards granted in 2006 are as follows:

	2006
Weighted average share price*	1,034p
Expected term	5.3 years
Expected dividend yield	1.84%

* Share prices are in Pounds Sterling, the currency of the awards.

The table below is a summary, as of December 31, 2008, of equity-settled share-based compensation awards outstanding under the company's share-based compensation programs. Details relating to each program are included in Part II, Item 8, "Financial Statements and Supplementary Data — Note 18, Share-Based Compensation."

	Awards Outstanding	Vesting During The Years Ended December 31,					
	Total	2009	2010	2011	2012	2013	2014
Millions of shares							
Time-vested	13.7	5.1	2.8	5.1	0.3	0.2	0.2
Performance-vested	4.3	2.2	1.1	1.0	—	—	—
Share Awards*	18.0	7.3	3.9	6.1	0.3	0.2	0.2

* 7.1 million share awards were included in the diluted earnings per share calculation at December 31, 2008. See Item 8, "Financial Statements and Supplementary Data — Note 16, Earnings Per Share."

		Fully Vested at	Vesting During The Years Ended	
	Awards Outstanding	December 31,	December 31,	
	Total	2008	2009	2010
Millions of shares				
Share Option Awards:				
Time vested:				
Exercise Price*				
50p — 400p	0.3	0.2	0.1	—
401p — 800p	0.1	0.1	—	—
801p — 1000p	0.7	0.7	—	—
1001p — 1200p	0.5	0.5	—	—
1201p — 1400p	3.5	3.5	—	—
1401p — 1600p	—	—	—	—
1601p — 2000p	4.9	4.9	—	—
2001p — 2400p	4.6	4.6	—	—
2401p -3400p	0.4	0.4	—	—
Subtotal time-vested	15.0	14.9	0.1	—
Performance-vested:				
Exercise price*				
601p — 800p	5.2	5.2	—	—
801p — 1000p	2.9	2.9	—	—
Subtotal performance-vested	8.1	8.1	—	—
Total Share Option Awards **	23.1	23.0	0.1	—
Sharesave Plan Shares	0.9	0.3	0.4	0.2

* Share options prices are in Pounds Sterling, the currency of the awards. Upon exercise, the exercise price will be converted to U.S. dollars using the rate prevailing on the exercise date.

** 3.8 million share option awards were included in the diluted earnings per share calculation at December 31, 2008. See Part II, Item 8, “Financial Statements and Supplementary Data — Note 16, Earnings Per Share.”

Other Compensation Arrangements. We offer certain performance-based cash awards to many of our employees that are based upon purely discretionary determinations or, alternatively, certain formulaic compensation arrangements. The formulaic arrangements require that we monitor on an ongoing basis whether or not pre-established metrics are expected to be met in order to properly record the related expense amounts. Because many of the metrics relate to matters that are highly uncertain or susceptible to change, our estimates may not accurately reflect the ultimate outcomes that will be achieved, and associated expense that should be recognized, with respect to these compensation arrangements.

Taxation. After compensation and related costs, our provision for income taxes on our earnings is our largest annual expense. We operate in several countries and several states 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 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.

Income taxes are provided for in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” 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.

As a multinational corporation, the company operates in various locations outside of Bermuda and generates substantially all of its earnings from our subsidiaries. Deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's subsidiaries, consolidated investment products, and joint ventures, except where it is our intention to continue to indefinitely reinvest the undistributed earnings. Our Canadian and U.S. subsidiaries continue to be directly owned by Invesco Holding Company Limited (formerly INVESCO PLC, our predecessor company), which is directly owned by Invesco Ltd. Our Canadian unremitted earnings, for which we are indefinitely reinvested, are estimated to be \$953 million at December 31, 2008, compared with \$880 million at December 31, 2007. If distributed as a dividend, Canadian withholding tax of 5.0% would be due. Deferred tax liabilities in the amount of \$8.9 million (2007: \$14.1 million) for additional U.K. 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. 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., the underlying U.S. tax rate is greater than the U.K. tax rate, and we have U.K. tax credits available. There are no additional taxes on dividends from the U.K. to Bermuda.

Net deferred tax assets have been recognized in the U.S., U.K., and Canada based on management's belief that operating income and capital gains will, more likely than not, be sufficient to realize the benefits of these assets over time. In the event that actual results differ from these estimates, or if our historical trends of positive operating income in any of these locations changes, we may be required to record a valuation allowance on deferred tax assets, which may have a significant effect on our financial condition and results of operations.

Invesco adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109," (FIN 48) on January 1, 2007. This interpretation prescribes a specific recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The two-step process prescribed by FIN 48 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. Invesco classifies any interest and penalties on tax liabilities (or any overpayments) on the Consolidated Statements of Income as components of income tax expense.

Goodwill. Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed and is recorded in the functional currency of the acquired entity. Goodwill is tested for impairment at the single reporting unit level on an annual basis, or more often if events or circumstances indicate that impairment may exist. If the carrying amount of goodwill at the reporting unit exceeds its implied 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 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 revenues, expenses, capital expenditures and acquisition earn out payments produce a present value for the reporting unit. 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. 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. We have determined that we have one reporting unit as defined under FASB Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information."

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.

The company cannot predict the occurrence of future events that might adversely affect the reported value of goodwill that totaled \$5,966.8 million and \$6,848.0 million at December 31, 2008, and December 31, 2007, 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 assets under management, or any other material negative change in assets under management and related management fees. Our goodwill impairment testing conducted during 2008 and 2007 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. 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. Due to the declines in global markets experienced during the three months ended December 31, 2008, the company conducted an interim goodwill impairment test at October 31, 2008, and determined that no impairment existed at that date. Interim impairment conclusions, including a reassessment of key assumptions, were reviewed again at December 31, 2008, and the company concluded that no significant changes had occurred. A 5% decline in the fair value of our reporting unit, or a 1% increase in the discount rate assumption used during our October 31, 2008, interim goodwill impairment analysis, would have caused the carrying value of our reporting unit to be in excess of its fair value, which would require the second step to be performed. The second step could have resulted in an impairment loss for goodwill.

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. Fair value is generally determined by reference to an active trading market, using quoted close or bid prices as of each reporting period end. When a readily ascertainable market value does not exist for an investment (such as our collateralized loan obligations, discussed below) 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. 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 are dependent upon the extent to which we are able to accurately determine fair values.

The company provides investment management services to a number of collateralized loan obligation entities (CLOs). These entities are investment vehicles created for the sole purpose of issuing CLO 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 portfolios consisting primarily of loans or structured debt. For managing the collateral for the CLO entities, the company earns investment management fees, including in some cases subordinated management fees, as well as contingent incentive fees. The company has invested in certain of the entities, generally taking a relatively small portion of the unrated, junior subordinated position. At December 31, 2008, the company held \$17.5 million of investment in these CLOs, which represents its maximum risk of loss. Our investments in CLOs are generally subordinated to other interests in the entity and entitle the investor to receive the residual cash flows, if any, from the entity. As a result, the company's investment is sensitive to changes in the credit quality of the issuers of the collateral securities, including changes in the forecasted default rates and any declines in anticipated recovery rates. Investors in CLOs have no recourse against the company for any losses sustained in the CLO structure.

Management has concluded that the company is not the primary beneficiary of any of the CLO entities and it has recorded its investments at fair value primarily using an income approach. Fair value is determined using current information, notably market yields and projected cash flows based on forecasted default and recovery rates that a market participant would use in determining the current fair value of the equity interest. 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 carrying value, of the company's investments in these CLO entities may be adversely affected. The current liquidity constraints within the market for CLO products require the use of unobservable inputs for CLO valuation. The excess of actual and anticipated future cash flows over the initial investment at the date of purchase is recognized as interest income over the life of the investment using the effective yield method in accordance with Emerging Issues Task Force (EITF) 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets." The company reviews cash flow estimates throughout the life of each CLO entity. Cash flow estimates are based on the underlying pool of securities and take into account the overall credit quality of the issuers, the forecasted default rate of the securities and the company's past experience in managing similar securities. If the updated estimate of future cash flows (taking into account both timing and amounts) is less than the last revised estimate, an impairment loss is recognized based on the excess of the carrying amount of the investment over its fair value and is recorded through the income statement. An increase or decrease in the discount rate of 1.0% would change the valuation of the CLOs by \$0.5 million (2007: \$0.9 million; 2006: \$1.2 million) as of December 31, 2008.

Consolidated Investment Products. Financial Accounting Standards Board Interpretation (FIN) No. 46(R), “Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51” requires that the primary beneficiary of variable interest entities (VIEs) consolidate the VIEs. A VIE is an entity that does not have sufficient equity to finance its operations without additional subordinated financial support, or an entity for which the risks and rewards of ownership are not directly linked to voting interests. 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 also VIEs. The primary beneficiary is the party to the VIE who absorbs a majority of the losses or retains the majority of the rewards generated by the VIE. Additionally, certain investment products are structured as limited partnerships of which the company is the general partner and is deemed to have control with the lack of substantive kick-out, liquidation or participation rights of the other limited partners. These investment products are also consolidated into the company’s financial statements under Emerging Issues Task Force (EITF) Issue No. 04-5, “Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights.” The company also consolidates certain investment products under FASB Statement No. 94, “Consolidation of All Majority-Owned Subsidiaries” (FASB Statement No. 94).

Assessing if an entity is a VIE or an entity falling under the consolidation requirements of EITF 04-5 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. Determining if the company is the primary beneficiary of a VIE also requires significant judgment, as the calculation of expected losses and residual returns involves estimation and probability assumptions. If current financial statements are not available for consolidated VIEs or an investment product consolidated under EITF 04-5, 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 consolidated investment products and the related minority interest. As of December 31, 2008, the company consolidated VIEs that held investments of \$141.9 million (2007: \$825.8 million) and partnership investments under EITF 04-5 and FASB Statement No. 94 of \$701.9 million (2007: \$413.8million). Effective April 1, 2008, the company determined that certain previously-consolidated VIEs should be deconsolidated since the company no longer was the primary beneficiary of these entities. 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 under EITF 04-5.

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 state and federal statutes 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 other current and other non-current liabilities, as appropriate, for identified losses that are, in our judgment, probable and reasonably estimable. 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 state or federal agencies, if applicable. Contingent consideration payable in relation to a business acquisition is recorded when the outcome of the contingency is resolved and the consideration is issued or becomes issuable.

Recent Accounting Developments

See Part II, Item 8, “Financial Statements and Supplementary Data — Note 1, Accounting Policies — Accounting Pronouncements Recently Adopted and Recent Accounting Pronouncements Not Yet Adopted.”

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 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 a percentage of the value of AUM. Declines in equity or fixed income security market prices 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.

Securities Market Risk

The company has investments in sponsored investment products that invest in a variety of asset classes. Investments are generally made to establish a track record or to hedge exposure to certain deferred compensation plans. The company's exposure to market risk arises from its investments. The following table summarizes the fair values of the investments exposed to market risk and provides a sensitivity analysis of the estimated fair values of those investments, assuming a 20% increase or decrease in fair values:

\$ in millions	Carrying Value	Fair Value assuming 20% increase	Fair Value assuming 20% decrease
December 31, 2008			
Trading investments:			
Investments related to deferred compensation plans	35.5	42.6	28.4
Other	0.7	0.8	0.6
Total trading investments	36.2	43.4	29.0
Available-for-sale investments:			
Seed money in affiliated funds	69.1	82.9	55.3
Other	8.5	10.2	6.8
Equity method investments	95.3	114.4	76.2
Total market risk on investments	209.1	250.9	167.3
\$ in millions	Carrying Value	Fair Value assuming 20% increase	Fair Value assuming 20% decrease
December 31, 2007			
Trading investments:			
Investments related to deferred compensation plans	58.8	70.6	47.0
Other	2.0	2.4	1.6
Total trading investments	60.8	73.0	48.6
Available-for-sale investments:			
Seed money in affiliated funds	60.9	73.1	48.7
Other	8.6	10.3	6.9
Equity method investments	66.5	79.8	53.2
Total market risk on investments	196.8	236.2	157.4

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, 2008, the interest rates on 99% of the company's borrowings were fixed for an average period of 3.4 years. The remainder of the company's borrowings were floating. The interest rate profile of the financial assets of the company on December 31, 2008, was:

\$ in millions	Carrying Value	Fair Value assuming a +1% interest rate change	Fair Value assuming a -1% interest rate change
December 31, 2008			
Available-for-sale investments:			
Collateralized loan obligations	17.5	17.0	18.0
Foreign time deposits	17.3	17.2	17.3
Other	1.0	1.0	1.0
Total investments	35.8	35.2	36.3
December 31, 2007			
Available-for-sale investments:			
Collateralized loan obligations	39.0	38.1	39.4
Foreign time deposits	22.7	22.6	22.8
Other	1.0	1.0	1.0
Total available-for-sale investments	62.7	61.7	63.2
U.S. Treasury and governmental agency securities	6.0	6.0	6.0
Total investments	68.7	67.7	69.2

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

\$ in millions	Total	Floating Rate	Fixed Rate*	Weighted Average Interest Rate (%)	Weighted Average Period for Which Rate is Fixed (Years)
2008					
Currency:					
U.S. dollar	1,159.2	12.0	1,147.2	4.9	3.4
Japanese yen	0.3	—	0.3	9.1	2.1
	1,159.5	12.0	1,147.5	4.9	3.4
2007					
Currency:					
U.S. dollar	1,276.4	126.4	1,150.0	5.2	4.4
Japanese yen	0.4	—	0.4	9.3	3.0
	1,276.8	126.4	1,150.4	5.2	4.4

* Measured at amortized cost.

See Part II, Item 8, "Financial Statements and Supplementary Data — Note 10, Long-Term Debt" for additional disclosures relating to the U.S. dollar floating and fixed rate obligations. A 1.0% increase in interest rates would have increased the recorded interest expense on the floating rate debt by \$0.1 million.

The company's only fixed interest financial assets at December 31, 2008, are in foreign time deposit investments of \$17.3 million (2007: \$22.7 million) and in U.S. Treasury and U.S. governmental agency securities of \$0.0 million (2007: \$6.0 million). The weighted average interest rate on these investments is 2.08% (2007: 2.63%) and the average weighted time for which the rate is fixed is 0.4 years (2007: 0.4 years).

Foreign Exchange Rate Risk

The company has transactional currency exposures that occur when any of the company's subsidiaries receives or pays cash in a currency different from its functional currency. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. 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 does not hedge these exposures. Prior to the redenomination of the share capital of the Parent and the change in its functional currency from the Pound Sterling to U.S. dollars, the company designated its U.S. dollar senior note balances as hedges against its net investments in its U.S. subsidiaries. Part II, Item 8, "Financial Statements and Supplementary Data — Note 10, Long-Term Debt" details the fair values of the U.S. dollar senior notes (the hedging instruments) at December 31, 2007, and 2006. Gains or losses on the retranslation of these borrowings were transferred to equity to offset any gains and losses on the net investments in subsidiaries.

The company is exposed to foreign exchange revaluation into the income statement 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 \$10.7 million in 2008 (2007: loss of \$10.4 million), 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 ended:

\$ in millions, except per share data	Q408	Q308	Q208	Q108	Q407	Q307	Q207	Q107
Operating revenues:								
Investment management fees	\$478.5	\$664.9	\$736.8	\$737.6	\$816.4	\$791.7	\$765.7	\$706.3
Performance fees	23.8	18.1	22.2	11.0	13.1	4.0	34.4	18.8
Service and distribution fees	101.4	129.4	143.3	138.4	150.8	150.7	148.2	143.4
Other	30.7	14.8	33.3	23.4	42.8	30.2	30.7	31.7
Total operating revenues	634.4	827.2	935.6	910.4	1,023.1	976.6	979.0	900.2
Operating expenses:								
Employee compensation	236.0	264.1	282.9	272.8	286.3	278.1	288.9	284.3
Third-party distribution, service and advisory	162.6	220.9	244.9	247.1	284.9	270.8	263.0	232.4
Marketing	31.3	34.8	38.2	43.9	43.9	40.9	35.8	37.0
Property, office and technology	58.0	50.5	55.7	50.1	60.3	66.6	58.2	57.4
General and administrative	62.0	61.7	73.9	68.4	104.0	63.7	71.1	57.0
Total operating expenses	549.9	632.0	695.6	682.3	779.4	720.1	717.0	668.1
Operating Income	84.5	195.2	240.0	228.1	243.7	256.5	262.0	232.1
Other income/(expense):								
Equity in earnings of unconsolidated affiliates	11.3	8.0	9.6	17.9	21.0	14.9	6.4	5.8
Interest income	7.2	8.0	10.5	11.5	11.8	14.1	12.3	10.3
Gains and losses of consolidated investment products, net	(56.8)	2.8	40.3	(44.3)	55.8	58.7	69.8	30.0
Interest expense	(17.8)	(18.3)	(19.3)	(21.5)	(17.7)	(16.4)	(18.6)	(18.6)
Other gains and losses, net	(21.9)	(10.4)	(1.1)	(6.5)	6.3	(3.7)	(0.2)	7.5
Income before income taxes and minority interest	6.5	185.3	280.0	185.2	320.9	324.1	331.7	267.1
Income tax provision	(35.8)	(49.2)	(77.2)	(73.8)	(91.3)	(92.7)	(91.4)	(81.9)
Income before minority interest	(29.3)	136.1	202.8	111.4	229.6	231.4	240.3	185.2
Minority interest (income)/losses of consolidated entities, net of tax	61.2	(4.3)	(40.0)	43.8	(53.7)	(64.4)	(64.8)	(30.0)
Net Income	<u>\$31.9</u>	<u>\$131.8</u>	<u>\$162.8</u>	<u>\$155.2</u>	<u>\$175.9</u>	<u>\$167.0</u>	<u>\$175.5</u>	<u>\$155.2</u>
Earnings per share*:								
— basic	\$0.08	\$0.34	\$0.42	\$0.40	\$0.45	\$0.42	\$0.44	\$0.39
— diluted	\$0.08	\$0.33	\$0.41	\$0.39	\$0.43	\$0.41	\$0.43	\$0.38
Average shares outstanding*:								
— basic	384.1	386.0	387.6	387.8	393.6	400.0	399.9	398.9
— diluted	393.3	397.9	399.0	399.4	407.6	410.5	410.6	410.1
Dividends declared per share*:	\$0.10	\$0.10	\$0.10	\$0.22	—	\$0.164	—	\$0.208

* All per share amounts have been adjusted to reflect the impact of the December 4, 2007, one-for-two reverse stock split. See Part II, Item 8, “Financial Statements and Supplementary Data — Note 1, Accounting Policies” for additional details. 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

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Report of Management on Internal Control over Financial Reporting

Our management 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). Under the supervision and with the participation of our chief executive officer and chief financial officer, management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on our assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2008.

Our management, including our chief executive officer and chief financial officer, has evaluated any change in our internal control over financial reporting that occurred during the fourth quarter of 2008, and has concluded that there was no change during the fourth quarter of 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Our independent auditors, Ernst & Young LLP, have issued an audit report on the effectiveness of our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Invesco Ltd.

We have audited the accompanying consolidated balance sheets of Invesco Ltd. as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. 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, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Invesco Ltd.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2009 expressed an unqualified opinion thereon.

/ s / ERNST & YOUNG LLP

Atlanta, Georgia
February 25, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Invesco Ltd.

We have audited Invesco Ltd.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Invesco Ltd.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Invesco Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Invesco Ltd. as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008, of Invesco Ltd. and our report dated February 25, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Atlanta, Georgia
February 25, 2009

Consolidated Balance Sheets

\$ in millions	As of	
	December 31, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$585.2	\$915.8
Cash and cash equivalents of consolidated investment products	73.0	36.6
Unsettled fund receivables	303.7	605.5
Accounts receivable	239.3	373.0
Investments	123.6	151.4
Prepaid assets	55.6	65.9
Other current assets	72.2	89.9
Deferred tax asset, net	86.1	32.5
Assets held for policyholders	840.2	1,898.0
Total current assets	2,378.9	4,168.6
Non-current assets:		
Investments	121.3	114.1
Investments of consolidated investment products	843.8	1,239.6
Prepaid assets	36.3	55.6
Deferred sales commissions	24.5	31.3
Deferred tax asset, net	37.2	133.8
Property and equipment, net	205.3	180.0
Intangible assets, net	142.8	154.2
Goodwill	5,966.8	6,848.0
Total non-current assets	7,378.0	8,756.6
Total assets	\$9,756.9	\$12,925.2
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$297.2	\$—
Unsettled fund payables	288.3	581.2
Income taxes payable	37.9	140.6
Other current liabilities	639.8	1,021.1
Policyholder payables	840.2	1,898.0
Total current liabilities	2,103.4	3,640.9
Non-current liabilities:		
Long-term debt	862.0	1,276.4
Borrowings of consolidated investment products	—	116.6
Other non-current liabilities	195.3	179.5
Total non-current liabilities	1,057.3	1,572.5
Total liabilities	3,160.7	5,213.4
Minority interests in equity of consolidated entities	906.7	1,121.2
Commitments and contingencies		
Shareholders' equity:		
Common shares (\$0.20 par value; 1,050.0 million authorized; 426.6 million and 424.7 million shares issued as of December 31, 2008, and 2007, respectively)	85.3	84.9
Additional paid-in-capital	5,352.6	5,306.3
Treasury shares	(1,128.9)	(954.4)
Retained earnings	1,476.3	1,201.7
Accumulated other comprehensive (loss)/income, net of tax	(95.8)	952.1
Total shareholders' equity	5,689.5	6,590.6
Total liabilities, minority interests and shareholders' equity	\$9,756.9	\$12,925.2

See accompanying notes.

Consolidated Statements of Income

\$ in millions, except per share data	Years Ended December 31,		
	2008	2007	2006
Operating revenues:			
Investment management fees	\$2,617.8	\$3,080.1	\$2,508.2
Performance fees	75.1	70.3	82.1
Service and distribution fees	512.5	593.1	534.9
Other	102.2	135.4	121.5
Total operating revenues	3,307.6	3,878.9	3,246.7
Operating expenses:			
Employee compensation	1,055.8	1,137.6	1,070.5
Third-party distribution, service and advisory	875.5	1,051.1	826.8
Marketing	148.2	157.6	138.8
Property, office and technology	214.3	242.5	230.7
General and administrative	266.0	295.8	207.6
Restructuring charge	—	—	13.1
Total operating expenses	2,559.8	2,884.6	2,487.5
Operating income	747.8	994.3	759.2
Other income/(expense):			
Equity in earnings of unconsolidated affiliates	46.8	48.1	4.3
Interest income	37.2	48.5	26.9
Gains and losses of consolidated investment products, net	(58.0)	214.3	294.3
Interest expense	(76.9)	(71.3)	(77.2)
Other gains and losses, net	(39.9)	9.9	26.8
Income before income taxes and minority interest	657.0	1,243.8	1,034.3
Income tax provision	(236.0)	(357.3)	(254.6)
Income before minority interest	421.0	886.5	779.7
Minority interest in (income)/losses of consolidated entities, net of tax	60.7	(212.9)	(297.0)
Net income	\$481.7	\$673.6	\$482.7
Earnings per share:			
— basic	\$1.25	\$1.69	\$1.22
— diluted	\$1.21	\$1.64	\$1.19
Dividends declared per share	\$0.520	\$0.372	\$0.357

See accompanying notes.

Consolidated Statements of Cash Flows

\$ in millions	Years Ended December 31,		
	2008	2007	2006
Operating activities:			
Net income	\$481.7	\$673.6	\$482.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and depreciation	47.6	64.1	67.5
Share-based compensation expense	97.7	105.2	140.6
Loss/(gain) on disposal of property, equipment, software, net	(2.0)	(1.1)	4.0
Purchase of trading investments	(22.0)	(24.2)	(51.9)
Sale of trading investments	22.3	24.6	1.5
Other gains and losses, net	39.9	(9.9)	(26.8)
Loss/(gain) of consolidated investment products, net	58.0	(214.3)	(294.3)
Tax benefit from share-based compensation	54.9	38.2	17.9
Excess tax benefits from share-based compensation	(16.8)	(23.1)	(12.3)
Minority interest in earnings of consolidated entities, net of tax	(60.7)	212.9	297.0
Equity in earnings of unconsolidated affiliates	(46.8)	(48.1)	(4.3)
Changes in operating assets and liabilities:			
Change in cash held at consolidated investment products	(37.1)	(4.8)	1.3
Decrease/(increase) in receivables	1,138.8	(59.6)	(160.7)
(Decrease)/increase in payables	(1,259.8)	180.2	(6.3)
Net cash provided by operating activities	495.7	913.7	455.9
Investing activities:			
Purchase of property and equipment	(84.1)	(36.7)	(37.9)
Disposal of property and equipment	0.2	12.1	2.5
Dividends from unconsolidated affiliates	29.8	1.8	0.9
Purchase of available-for-sale investments	(109.4)	(80.3)	(289.4)
Proceeds from sale of available-for-sale investments	84.5	111.8	254.3
Purchase of investments by consolidated investment products	(112.3)	(331.5)	(372.3)
Proceeds from sale of investments by consolidated investment products	188.7	143.6	122.6
Returns of capital in investments of consolidated investment products	99.2	196.0	257.5
Purchase of other investments	(27.1)	(25.9)	(14.5)
Proceeds from sale of other investments	36.2	17.1	15.6
Acquisitions of businesses, net of cash acquired of \$8.9 million in 2006	—	—	(198.8)
Acquisition earn-out payments	(174.3)	(56.0)	(1.3)
Disposal of businesses	—	1.6	2.1
Net cash used in investing activities	(68.6)	(46.4)	(258.7)
Financing activities:			
Proceeds from exercises of share options	79.8	137.4	66.8
Purchases of treasury shares	(313.4)	(716.0)	(155.9)
Dividends paid	(207.1)	(155.0)	(143.6)
Excess tax benefits from share-based compensation	16.8	23.1	12.3
Capital invested into consolidated investment products	96.1	211.0	345.3
Capital distributed by consolidated investment products	(241.0)	(318.2)	(301.2)
Borrowings of consolidated investment products	28.9	112.6	46.3
Repayments of consolidated investment products	(9.3)	(33.1)	(82.1)
Net (repayments)/borrowings under credit facility	(114.4)	(2.6)	59.0
Issuance of senior notes	—	300.0	—
Repayments of senior notes	(2.8)	(300.0)	(10.0)
Net cash used in financing activities	(666.4)	(740.8)	(163.1)
(Decrease)/increase in cash and cash equivalents	(239.3)	126.5	34.1
Foreign exchange movement on cash and cash equivalents	(91.3)	10.4	35.3
Cash and cash equivalents, beginning of year	915.8	778.9	709.5
Cash and cash equivalents, end of year	\$585.2	\$915.8	\$778.9
Supplemental Cash Flow Information:			
Interest paid	\$ (71.2)	\$ (72.0)	\$ (73.4)
Interest received	\$36.9	\$48.2	\$26.9
Taxes paid	\$ (238.4)	\$ (328.2)	\$ (213.1)

See accompanying notes.

Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income

				Additional			Accumulated	
\$ in millions	Common Shares	Ordinary Shares	Exchangeable Shares	Paid-in- Capital	Treasury Shares	Retained Earnings	Other Comprehensive (Loss)/Income	Total Shareholders' Equity
January 1, 2006	\$—	\$81.8	\$431.8	\$4,710.0	\$(407.1)	\$361.6	\$351.7	\$5,529.8
Net income	—	—	—	—	—	482.7	—	482.7
Other comprehensive income								
Currency translation differences on investments in overseas subsidiaries	—	—	—	—	—	—	268.3	268.3
Change in minimum pension liability	—	—	—	—	—	—	25.3	25.3
Change in net unrealized gains on available-for-sale investments	—	—	—	—	—	—	(6.6)	(6.6)
Tax impacts of changes in accumulated OCI balances	—	—	—	—	—	—	(0.7)	(0.7)
Total comprehensive income								769.0
Initial impact of adopting FASB 158, net of tax	—	—	—	—	—	—	(23.5)	(23.5)
Dividends	—	—	—	—	—	(143.6)	—	(143.6)
Employee share plans:								
Share-based compensation	—	—	—	140.6	—	—	—	140.6
Vested shares	—	—	—	(17.4)	17.4	—	—	—
Exercise of options	—	1.1	—	65.7	—	—	—	66.8
Tax impact of share-based payment	—	—	—	12.3	—	—	—	12.3
Purchase of shares	—	—	—	—	(188.2)	—	—	(188.2)
Business combinations	—	—	—	0.8	—	—	—	0.8
Conversion of exchangeable shares into ordinary shares	—	0.3	(54.4)	54.1	—	—	—	—
December 31, 2006	—	83.2	377.4	4,966.1	(577.9)	700.7	614.5	6,164.0
Net income	—	—	—	—	—	673.6	—	673.6
Other comprehensive income								
Currency translation differences on investments in overseas subsidiaries	—	—	—	—	—	—	351.1	351.1
Change in accumulated OCI related to employee benefit plans	—	—	—	—	—	—	7.7	7.7
Change in net unrealized gains on available-for-sale investments	—	—	—	—	—	—	(16.8)	(16.8)
Tax impacts of changes in accumulated OCI balances	—	—	—	—	—	—	(4.4)	(4.4)
Total comprehensive income	—	—	—	—	—	—	—	1,011.2
Adoption of FIN 48	—	—	—	—	—	(17.6)	—	(17.6)
Dividends	—	—	—	—	—	(155.0)	—	(155.0)
Employee share plans:								
Share-based compensation	—	—	—	105.2	—	—	—	105.2
Vested shares	—	—	—	(53.9)	53.9	—	—	—
Exercise of options	—	1.6	—	135.8	—	—	—	137.4
Tax impact of share-based payment	—	—	—	23.1	—	—	—	23.1
Purchase of shares	—	—	—	—	(683.7)	—	—	(683.7)
Cancellation of treasury shares	—	(1.9)	—	(251.4)	253.3	—	—	—
Business combinations	—	—	—	6.0	—	—	—	6.0
Conversion of exchangeable shares into ordinary shares	—	2.0	(377.4)	375.4	—	—	—	—
Cancellation of ordinary shares and issuance of common shares	84.9	(84.9)	—	—	—	—	—	—
December 31, 2007	84.9	—	—	5,306.3	(954.4)	1,201.7	952.1	6,590.6
Net income	—	—	—	—	—	481.7	—	481.7
Other comprehensive income								
Currency translation differences on investments in overseas subsidiaries	—	—	—	—	—	—	(1,034.2)	(1,034.2)
Change in accumulated OCI related to employee benefit plans	—	—	—	—	—	—	(0.3)	(0.3)
Change in net unrealized gains on available-								

for-sale investments	—	—	—	—	—	—	(9.3)	(9.3)
Tax impacts of changes in accumulated OCI								
balances	—	—	—	—	—	—	(4.1)	(4.1)
Total comprehensive income	—	—	—	—	—	—	—	(566.2)
Dividends	—	—	—	—	—	(207.1)	—	(207.1)
Employee share plans:								
Share-based compensation	—	—	—	97.7	—	—	—	97.7
Vested shares	—	—	—	(55.7)	55.7	—	—	—
Exercise of options	0.4	—	—	(12.5)	87.8	—	—	75.7
Tax impact of share-based payment	—	—	—	16.8	—	—	—	16.8
Purchase of shares	—	—	—	—	(318.0)	—	—	(318.0)
December 31, 2008	<u>\$85.3</u>	<u>\$—</u>	<u>\$—</u>	<u>\$5,352.6</u>	<u>\$(1,128.9)</u>	<u>\$1,476.3</u>	<u>\$(95.8)</u>	<u>\$5,689.5</u>

See accompanying notes.

1. ACCOUNTING POLICIES

Corporate Information

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

On December 4, 2007, the predecessor to Invesco Ltd., INVESCO PLC, became a wholly-owned subsidiary of Invesco Ltd. and the shareholders of INVESCO PLC received common shares of Invesco Ltd. in exchange for their ordinary shares of INVESCO PLC. This transaction was accounted for in a manner similar to a pooling of interests. Additionally, the company's primary share listing moved from the London Stock Exchange to the New York Stock Exchange, a share capital consolidation was immediately implemented (a reverse stock split) on a one-for-two basis, and the company's regulated business in the European Union was transferred from INVESCO PLC to Invesco Ltd. All prior period share and earnings per share amounts have been adjusted to reflect the reverse stock split.

Basis of Accounting and Consolidation

The financial statements have been prepared in accordance with U.S. GAAP and consolidate the financial statements of the Parent, all of its controlled subsidiaries, any variable interest entities (VIEs) required to be consolidated under Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 46(R), "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51," and any entities required to be consolidated under Emerging Issues Task Force (EITF) Issue No. 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" (EITF 04-5). Under FASB Statement No. 94, "Consolidation of All Majority-Owned Subsidiaries," 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 so as to obtain the benefits from its activities. FIN 46(R) requires that VIEs, or entities in which the risks and rewards of ownership are not directly linked to voting interests, for which the company is the primary beneficiary (having the majority of rewards/risks of ownership) be consolidated. Certain of the company's managed products are structured as partnerships in which the company is the general partner receiving a management and/or performance fee. If the company is deemed to have a variable interest in these entities and is determined to be the primary beneficiary, these entities are consolidated into the company's financial statements. See Note 17 for further discussion. If the company is not determined to be the primary beneficiary, the equity method of accounting is used to account for the company's investment in these entities. In accordance with EITF 04-5, non-VIE general partnership investments would be deemed to be controlled by the company and would be consolidated, 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. Investment products that are consolidated as VIEs or under EITF 04-5 and FASB Statement No. 94 are referred to as consolidated investment products in the Consolidated Financial Statements.

As required by Accounting Principles Board (APB) 18, "The Equity Method of Accounting for Investments in Common Stock," the equity method of accounting is used to account for investments in joint ventures and non-controlled subsidiaries in which the company's ownership is between 20 and 50 percent. Equity investments are carried initially at cost (subsequently adjusted to recognize the company's share of the profit or loss of the investee after the date of acquisition) and are included in investments on the Consolidated Balance Sheets. The proportionate share of income or loss is included in equity in earnings of unconsolidated affiliates in the Consolidated Statements of Income.

The financial statements have been prepared primarily on the historical cost basis; however, certain items are presented using other bases such as fair value, where such treatment is appropriate. The financial statements of subsidiaries are prepared for the same reporting year as the Parent and use consistent accounting policies, which, where applicable, have been adjusted to U.S. GAAP from local generally accepted accounting principles or reporting regulations. All intercompany transactions, balances, revenues and expenses are eliminated upon consolidation. Minority interests 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 under FIN 46(R), but of which the company does not own all of the equity.

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

Acquisition Accounting

Upon acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. In accordance with FASB Statement No. 141, "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. The interest of minority shareholders is stated at the minority'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 payable in relation to a business acquisition is recorded when the outcome of the contingency is resolved and the consideration is issued or becomes issuable. Contingent consideration results in recognition of additional goodwill.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash at banks, in hand and short-term investments with a maturity upon acquisition of three months or less. Also included in cash and cash equivalents at December 31, 2008, is \$0.9 million in cash to facilitate trust operations and customer transactions in the company's affiliated funds. Cash and cash equivalents invested in affiliated money market funds (related parties) totaled \$172.3 million at December 31, 2008. Cash and cash equivalents of consolidated investment products are not available for general use by the company.

Cash balances may not be readily accessible to the Parent due to certain capital adequacy requirements. Invesco has local capital requirements in several jurisdictions, as well as regional requirements for entities that are part of the European sub-group. These requirements require the retention of liquid resources in those jurisdictions, which we meet 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, 2008, the European sub-group had cash and cash equivalent balances of \$427.9 million, much of which is used to satisfy these regulatory requirements. The company is in compliance with all regulatory minimum net capital requirements .

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

Investments in equity securities that have readily determinable fair values and investments in debt securities are classified as either trading or available-for-sale in accordance with FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Investments in debt securities are classified in accordance with FASB Statement No. 115 as held-to-maturity investments if the company has the intent and ability to hold the investments until maturity. Trading securities are securities bought and held principally for the purpose of selling them in the near term. Available-for-sale securities are those neither classified as trading nor as held-to-maturity. Trading and available-for-sale investments are measured at fair value. Gains or losses arising from changes in the fair value of trading investments are included in income, and gains or losses arising from changes in the fair value of available-for-sale investments are recognized in accumulated other comprehensive income, net of tax, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on securities sold or otherwise disposed. Held-to-maturity investments are measured at amortized cost, taking into account any discounts or premiums.

Investments in joint ventures, non-controlled subsidiaries and certain investment products that are not consolidated under FIN 46R or EITF 04-5 are investments over which the company has significant influence but not control and are accounted for using the equity method, where the investment is initially recorded at cost and the carrying amount is increased

or decreased to recognize the company's share of the after-tax profit or loss of the investee after the date of acquisition. Investments in joint ventures are investments jointly controlled by the company and external parties. Investments in joint ventures are also accounted for using the equity method to reflect the substance and economic reality of the company's interest in jointly controlled entities. Equity investments are included in investments on the Consolidated Balance Sheets in accordance with APB 18. The proportionate share of income or loss is included in equity in earnings of unconsolidated affiliates in the Consolidated Income Statements.

Fair value is determined by reference to the FASB Statement No. 157, "Fair Value Measurements," (FASB Statement No. 157) valuation hierarchy 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 (such as the company's collateralized loan obligations, discussed below) 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.

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 written down to fair value through the income statement in accordance with FASB Statement No. 115.

The company provides investment management services to a number of collateralized loan obligation entities (CLOs). These entities 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 portfolios consisting primarily of loans or structured debt. For managing the collateral for the CLO entities, the company earns investment management fees, including in some cases subordinated management fees, as well as contingent incentive fees. The company has invested in certain of the entities, generally taking a relatively small portion of the unrated, junior subordinated position. At December 31, 2008, the company held \$17.5 million of investment in these CLOs, which represents its maximum risk of loss. The company's investments in CLOs are generally subordinated to other interests in the entities and entitles the investors to receive the residual cash flows, if any, from the entities. Investors in CLOs have no recourse against the company for any losses sustained in the CLO structure.

Management has concluded that the company is not the primary beneficiary of any of the CLO entities and it has recorded its investments at fair value using an income approach. The excess of actual and anticipated future cash flows over the initial investment at the date of purchase is recognized as interest income over the life of the investment using the effective yield method in accordance with Emerging Issues Task Force (EITF) 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets," and FASB Staff Position No. EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20." The company reviews cash flow estimates throughout the life of each CLO entity. Cash flow estimates are based on the underlying pool of securities and take into account the overall credit quality of the issuers, the forecasted default rate of the securities and the company's past experience in managing similar securities. If the updated estimate of future cash flows (taking into account both timing and amounts) is less than the last revised estimate, an impairment loss is recognized based on the excess of the carrying amount of the investment over its fair value and is recorded through the income statement. Fair value is determined using current information, notably market yields and projected cash flows based on forecasted default and recovery rates that a market participant would use in determining the current fair value of the equity interest. Dividend income for these investments is recorded in other income on the Consolidated Statements of Income.

Assets Held for Policyholders and Policyholder Payables

One of the company's subsidiaries is an insurance entity, established to facilitate retirement savings plans. 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 the American Institute of Certified Public Accountants Statement of Position No. 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." Changes in fair value are recorded and offset to zero in the Consolidated Statements of Income in other operating revenues.

The liability to the policyholders 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. 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).

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. 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 internal and external costs incurred during the application development stage for internally developed software in accordance with AICPA Statement of Position No. 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” The company reevaluates the useful life determination for property and equipment each reporting period to determine whether events and circumstances warrant a revision to the remaining useful life. On sale or retirement, the asset cost and related accumulated depreciation are removed from the financial statements and any related gain or loss is reflected in income.

The carrying amounts of property and equipment are reviewed for impairment under FASB Statement No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets,” 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

Management contract 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 are amortized and recorded as operating expenses on a straight-line basis over their useful lives, usually seven to ten years, which reflects the pattern in which the economic benefits are realized. Where evidence exists that the underlying management contracts are renewed annually at little or no cost to the company, the management contract 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. Definite-lived intangibles are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable (i.e. carrying amount exceeds the sum of the fair value of the intangible). Intangible assets not subject to amortization are tested for impairment annually 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 determined using a discounted cash flow analysis.

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 impairment test for goodwill, as outlined in FASB Statement No. 142, “Goodwill and Other Intangible Assets,” uses a two-step approach, which is performed at the reporting unit level.

The company has determined that it has one reporting unit for goodwill impairment testing purposes, the consolidated Invesco Ltd. single operating segment level, which is the level at which internal reporting is generated that reflects the way that the company manages its operations and to which goodwill is naturally associated. If the carrying amount of goodwill at the reporting unit exceeds its implied 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 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. While the company believes all assumptions utilized in its assessment are reasonable and appropriate, changes in these estimates could produce different fair value amounts and therefore different goodwill impairment assessments. 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 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 APB 21, "Interest on Receivables and Payables." 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.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, value added tax and other sales-related taxes. Revenue is recognized when there is persuasive evidence of an arrangement, delivery has occurred or services have been provided, collectibility is reasonably assured and the revenue can be reliably measured. Revenue represents management, distribution, transfer agent and other fees. Revenue is generally accrued over the period for which the service is provided, or in the case of performance-based management fees, when the contractual performance criteria have been met in accordance with Method 1 of EITF Topic No. D-96, "Accounting for Management Fees Based on a Formula," which indicates that performance fees shall be recorded and recognized at the end of the performance measurement period instead of on an interim basis throughout the measurement period. Investment management fee revenues are derived from providing professional expertise to manage client accounts and include fees received from institutional advisory contracts and retail mutual funds, unit trusts, investment companies with variable capital, exchange-traded funds, investment trusts and other products. For the year ended December 31, 2008, management fees from affiliated fund products were \$1,979.6 million (2007: \$2,481.6 million; 2006: \$1,996.4 million). Management fees vary in relation to the level of client assets managed, and in certain cases are also based on investment performance. Distribution fees include 12b-1 fees received from certain affiliated mutual funds to cover allowable 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. Transfer agent fees are service fees charged to certain affiliated funds to cover the expense of transferring shares of a mutual fund or units of a unit trust into the investor's name. Other fees generally include trading fees derived from generally non-recurring security or investment transactions.

Distribution, service and advisory fees that are passed through to external parties are presented separately as expenses in accordance with EITF 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." These third-party distribution, service and advisory expenses include renewal commissions paid to independent financial advisors for as long as the clients' assets are invested

and are payments for the servicing of client accounts. 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 contractual AUM-retention 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.

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 on a straight-line or accelerated basis over the vesting period, based on the company's estimate of shares that will eventually vest. Fair value is measured by use of the stochastic (a lattice model) or Black Scholes valuation models. The expected life of share-based compensation awards used in the lattice model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Effective January 1, 2006, the company adopted FASB Statement No. 123(R), using the modified prospective transition method. Under that transition method, compensation cost recognized in 2006 includes: (a) compensation cost for all share-based compensation granted prior to, but not yet vested, as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of FASB Statement No. 123, and (b) compensation cost for all share-based compensation granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of FASB Statement No. 123(R).

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. A portion of actuarial gains and losses is recognized through the income statement if the net cumulative unrecognized actuarial gain or loss at the end of the prior period exceeds the greater of 10.0% of the present value of the defined benefit obligation (before deducting plan assets) at that date and 10.0% of the fair value of any plan assets. Prior service costs are recognized over the remaining service periods of active employees.

The company adopted FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an Amendment of FASB Statement Nos. 87, 88, 106 and 132(R)," on December 31, 2006. FASB Statement No. 158 requires that the net funded status of defined benefit plans be recognized on the balance sheet and that unrecognized net actuarial gains and losses and prior service costs, which have previously been recorded as part of the postretirement asset or liability, be recorded directly to other comprehensive income. Upon adoption, an increase of \$34.5 million, \$23.5 million net of tax, was recorded in the pension liability included within other liabilities with a corresponding reduction in accumulated other comprehensive income. The company's annual measurement date is December 31.

Advertising Costs

The company expenses the cost of all advertising and promotional activities as incurred. The company incurred advertising costs of \$30.5 million for the year ended December 31, 2008 (2007: \$28.6 million; 2006: \$28.5 million). These amounts are included in marketing expenses in the Consolidated Statements of Income.

Leases

Rentals under operating leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are charged evenly to expense over the lease term. Benefits received and receivable as an incentive to enter an operating lease are also spread evenly over the lease term. The Company accounts for lease termination costs in accordance with FASB Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," 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 FASB Statement No. 109, "Accounting for Income Taxes." 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.

As a multinational corporation, the company operates in various locations outside of Bermuda and generates substantially all of its earnings from its subsidiaries. Deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's subsidiaries, consolidated investment products, and joint ventures, except where it is our intention to continue to indefinitely reinvest the undistributed earnings. Our Canadian and U.S. subsidiaries continue to be directly owned by Invesco Holding Company Limited (formerly INVESCO PLC, our predecessor company), which is directly owned by Invesco, Ltd. Our Canadian unremitted earnings, for which we are indefinitely reinvested, are estimated to be \$953 million at December 31, 2008, compared with \$880 million at December 31, 2007. If distributed as a dividend, Canadian withholding tax of 5.0% would be due. Deferred tax liabilities in the amount of \$8.9 million (2007: \$14.1 million) for additional U.K. 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. 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., the underlying U.S. tax rate is greater than the U.K. tax rate, and the company has U.K. tax credits available. There are no additional taxes on dividends from the U.K. to Bermuda.

The company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109," on January 1, 2007. Accordingly, 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 available to shareholders by the weighted average number of shares outstanding during the periods, excluding treasury shares. Diluted earnings per share is computed using the treasury stock method outlined in FASB Statement No. 128, "Earnings per Share," which requires computing share equivalents and dividing net income by the total weighted average number of shares and share equivalents outstanding during the period.

Comprehensive Income

Under FASB Statement No. 130, "Reporting 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, reclassification adjustments for realized gains/(losses) on those investment securities classified as available-for-sale, foreign currency translation adjustments and pension liability adjustments. Such amounts are recorded net of applicable taxes.

Dividends to Shareholders

Dividends to shareholders are recognized on the declaration date. In 2008, Invesco began declaring and paying dividends on a quarterly basis in arrears. Prior to 2008, dividends were declared and paid on a semi-annual basis.

Translation of Foreign Currencies

The company accounts for the impact of foreign currency under the guidance provided in FASB Statement No. 52, "Foreign Currency Translation." Transactions in foreign currencies (currencies other than the functional currencies of the operation) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are remeasured into the functional currencies of the company's subsidiaries at the rates prevailing at the balance sheet date. Gains and losses arising on revaluation are included in the income statement.

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

The company does not utilize derivative financial instruments to provide a hedge against interest rate or foreign exchange exposures.

Reclassifications

The presentation of certain prior period reported amounts has been reclassified to be consistent with the current presentation. Such reclassifications had no impact on net income or shareholders' equity.

Accounting Pronouncements Recently Adopted

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements," which became effective for Invesco on January 1, 2008. FASB Statement No. 157 clarifies how companies should measure fair value when they are required by U.S. GAAP to use a fair value measure for recognition or disclosure. FASB Statement No. 157 establishes a common definition of fair value, establishes a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements to eliminate differences in current practice in measuring fair value under existing accounting standards. The adoption of FASB Statement No. 157 did not result in any retrospective adjustments to prior period information or in a cumulative effect adjustment to retained earnings. See Note 3, "Fair Value of Assets and Liabilities," for additional disclosures.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FASB Statement No. 159), which also became effective for Invesco on January 1, 2008 at its own discretion. FASB Statement No. 159 permits companies to elect, on an instrument-by-instrument basis, to fair value certain financial assets and financial liabilities with changes in fair value recognized in earnings as they occur (the fair value option). The company chose not to elect the FASB Statement No. 159 fair value option for eligible items existing on its balance sheet as of January 1, 2008, or for any new eligible items recognized subsequent to January 1, 2008.

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active (FSP FAS 157-3)," which became effective for Invesco for the period ended September 30, 2008. FSP FAS 157-3 clarifies the application of FASB Statement No. 157 to financial assets in an inactive market. FSP FAS 157-3 includes an illustration of the application of judgment when selecting an appropriate discount rate to apply in the valuation of a collateralized debt obligation in a market that has become increasingly inactive. The adoption of FSP FAS 157-3 did not have a material impact on the company's financial statements.

In December 2008, the FASB issued FASB Staff Position No. FAS 140-4 and FIN 46(R)-8, "Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities (FSP FAS 140-4 and FIN 46(R)-8)," which became effective for the company on December 31, 2008. This staff position requires additional disclosures by public entities with a) continuing involvement in transfers of financial assets to a special purpose entity or b) a variable interest in a variable interest entity. The adoption of FSP FAS 140-4 and FIN 46(R)-8 did not have a material impact on the company's financial statements. See Note 17, "Consolidated Investment Products," for additional disclosures.

In January 2009, The FASB issued FASB Staff Position No. EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20 (FSP EITF 99-20-1)," which became effective for the company on December 31, 2008. FSP EITF 99-20-1 revises the impairment guidance provided by EITF 99-20 for beneficial interests to make it consistent with the requirements of FASB Statement No. 115 for determining whether an impairment of other debt and equity securities is other-than-temporary. FSP EITF 99-20-1 eliminates the requirement that a holder's best estimate of cash flows be based upon those that a market participant would use. Instead, FSP 99-20-1 requires that an other-than-temporary impairment be recognized when it is probable that there has been an adverse change

in the holder's estimated cash flows. FSP EITF 99-20-1 did not have a material impact on the results of the impairment test of the company's CLO investments.

Recent Accounting Pronouncements Not Yet Adopted

In December 2007, the FASB issued FASB Statement No. 141 (revised 2007), "Business Combinations (FASB Statement No. 141(R))," and FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (FASB Statement No. 160)." Under FASB Statement No. 141(R), the acquirer must recognize, with certain exceptions, 100% of the fair values of assets acquired, liabilities assumed, and noncontrolling interests in acquisitions of less than 100% controlling interest when the acquisition constitutes a change in control of the acquired entity. Additionally, when an acquirer obtains partial ownership in an acquiree, an acquirer recognizes and consolidates assets acquired, liabilities assumed and any noncontrolling interests 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 acquirer's share, is recognized under this "full-goodwill" approach. Contingent consideration obligations that are elements of consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination shall be expensed. FASB Statement No. 160 establishes new accounting and reporting standards for noncontrolling interests (formerly known as "minority interests") in a subsidiary and for the deconsolidation of a subsidiary. FASB Statement No. 141(R) and FASB Statement No. 160 will be effective for the company beginning January 1, 2009. FASB Statement No. 141(R) will be applied prospectively, while FASB Statement No. 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests but prospective adoption of all of its other requirements. The company is currently assessing the impact of these two new standards.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157 (FSP FAS 157-2)." FSP FAS 157-2 amends FASB Statement No. 157 to delay the effective date for nonfinancial assets and nonfinancial liabilities except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). For items within its scope, FSP FAS 157-2 delays the effective date of FASB Statement No. 157 to January 1, 2009. As of January 1, 2008, Invesco applied the fair value measurement and disclosure provisions of FASB Statement No. 157 to its financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements. As of January 1, 2009, Invesco will apply the fair value measurement and disclosure provisions of FASB Statement No. 157 to nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. Those items include: (1) nonfinancial assets and nonfinancial liabilities initially measured at fair value in a business combination or other new basis event, but not measured at fair value in subsequent periods; (2) nonfinancial long-lived assets measured at fair value for an impairment assessment under FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets;" (3) nonfinancial liabilities for exit or disposal activities initially measured at fair value under FASB Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities;" and (4) nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test. The adoption of FSP FAS 157-2 is not expected to have a material impact on the company's financial statements.

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under FASB Statement No. 142. FSP FAS 142-3 requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset. FSP FAS 142-3 is intended to improve the consistency between the useful life of an intangible asset determined under FASB Statement No. 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141(R) and other U.S. GAAP. The guidance provided by FSP FAS 142-3 for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date, which is January 1, 2009. Early adoption is prohibited. FSP FAS 142-3 is not expected to have a material impact on the company's financial statements.

In June 2008, the FASB issued FASB Staff Position No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities (FSP EITF 03-6-1)." FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in FASB Statement No. 128, "Earnings Per Share." The guidance in FSP EITF 03-6-1 provides that only those unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are participating securities that should be included in the calculation of basic EPS under the two-class method. The FASB concluded that the holder of a share-based award receives a noncontingent transfer of value each time the entity declares a dividend, and therefore the share-based award meets the definition of a participating security. FSP EITF 03-6-1 is

effective for financial statements issued for fiscal years beginning after December 15, 2008, with all prior period EPS data being adjusted retrospectively. Early adoption is not permitted. FSP EITF 03-6-1 will require the company to include unvested restricted stock units that contain nonforfeitable dividend equivalents as outstanding common shares for purposes of calculated basic EPS. The company is still assessing the impact of FSP EITF 03-6-1 on the calculation of basic EPS.

In December 2008, the FASB issued FASB Staff Position No. FAS 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets” (FSP FAS 132(R)-1). FSP FAS 132(R)-1 amends FASB Statement No. 132 (Revised 2003), “Employers’ Disclosures about Postretirement Benefit Plan Assets (FASB Statement No. 132(R))” that are intended to enhance the transparency surrounding the types of assets and associated risks in an employer’s defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 expands the disclosures set forth by FASB Statement No. 132(R) by adding required disclosures about: (1) how investment allocation decisions are made by management; (2) major categories of plan assets; and (3) significant concentrations of risk. Additionally, FSP FAS 132(R)-1 requires the employer to disclose information about the valuation of plans assets similar to that required under FASB Statement No. 157. Those disclosures include: (1) the level within the fair value hierarchy in which the fair value measurements of plan assets fall; (2) information about the inputs and valuation techniques used to measure the fair value of plan assets; and (3) a reconciliation of the beginning and ending balances of plan assets valued using significant unobservable inputs. The new disclosures are required to be included in the financial statements for fiscal years ending after December 15, 2009. The company is still evaluating the impact that these new requirements will have on its disclosures.

2. ACQUISITIONS

Acquisition of PowerShares Capital Management LLC

On September 18, 2006, the company acquired 100% of the limited liability company interests of PowerShares Capital Management LLC (“PowerShares”). The initial consideration for the transaction was \$107.5 million, which included transaction costs of \$6.3 million. The initial purchase price did not include contingent consideration, or “earn-outs,” of up to \$630.0 million, payable in two components in the years following the acquisition, as detailed below:

- \$130.0 million payable when aggregate management fees total \$50.0 million or more in any consecutive 12-month period in Year 1 to Year 4 (referred to as the second contingent payment). In 2008, this earn-out was paid and reflected as an increase to goodwill.
- A payment (referred to as the third contingent payment) calculated at the end of Year 5 based on compound annual growth in management fees from an assumed base of \$17.5 million at closing. The Year 5 management fees will be reduced by \$50.0 million, for purposes of the calculation, since the second contingent payment was earned. For a compound annual growth rate (CAGR) in Year 5 below 15%, no additional payment will be made. For a CAGR in Year 5 between 15% and 75%, \$5.0 million for each CAGR point above 15%, for a maximum payment of \$300.0 million for a 75% CAGR. For a CAGR in Year 5 between 75% and 100%, \$300.0 million, plus an additional \$8.0 million for each CAGR point above 75%, for a maximum total payment of \$500.0 million for a 100% CAGR.

At the company’s option, up to 35% of the contingent payments are payable in equity. The additional purchase price will not be recognized until the contingency is resolved. Any such payments would result in an increase to goodwill.

At the date of the acquisition, PowerShares managed assets of approximately \$6.3 billion, offering 37 exchange-traded funds to investors. PowerShares offered 138 exchange-traded funds, with assets under management of \$9.2 billion as of December 31, 2008 (2007: \$14.5 billion). Tax deductible goodwill and management contract intangible assets of \$107.1 million were initially recorded in relation to this acquisition. The company evaluated current industry practice and estimated a value of ten times earnings before interest, taxes, depreciation and amortization of the acquired entity to arrive at the value of \$99.7 million for management contract intangible assets.

The management contract intangibles were assigned an indefinite useful life and are therefore not subject to amortization. The acquired management contracts are renewable at minimal cost to the company; it is the company’s intention to renew these contracts indefinitely; the increased demand in the asset management industry for exchange-traded fund products and the independence of these contracts from other assets acquired contributed to the company’s determination of an indefinite useful life. The excess additional purchase price of \$7.4 million was allocated to goodwill.

The fair value of net assets acquired was determined as follows:

\$ in millions	
Property and equipment	2.6
Receivables	3.4
Cash and cash equivalents	2.1
Payables	(7.7)
Net assets	0.4
Goodwill	7.4
Management contract intangibles	99.7
Fair value of net assets acquired	107.5
Satisfied by:	
Cash paid to seller at closing	101.2
Transaction costs	6.3
Total purchase price	107.5

The results of operations of PowerShares were included in the company's Consolidated Statements of Income from the date of acquisition. From September 18, 2006, through December 31, 2006, PowerShares' net income was \$0.9 million.

Acquisition of WL Ross & Co. LLC

On October 3, 2006, the company acquired 100% of the limited liability company interests of WL Ross & Co. LLC ("WL Ross"), one of the industry's leading financial restructuring groups. WL Ross manages assets for institutional investors in the U.S., Europe and Asia. The initial consideration for the transaction was \$134.1 million, which included \$30.0 million of deferred consideration and transaction costs of \$4.1 million. Such deferred consideration was classified as a current liability at the date of acquisition, as it represented a contractually guaranteed payment. Additional contingent consideration, or "earn-outs," of up to \$245.0 million is payable over the five years following the date of the acquisition depending on the achievement of annual fund launch targets over the five years following the completion of the acquisition. The additional purchase price will not be recognized until the contingency is resolved and the additional consideration is issued or issuable. Any such payments would result in an increase to goodwill.

At the time of the acquisition, WL Ross managed assets of approximately \$2.6 billion. At December 31, 2008, WL Ross's assets under management were \$6.9 billion (2007: \$6.8 billion). Due to the terms of an employment agreement, a prepaid compensation asset of \$100.0 million, amortizable over five years, was recognized as a result of the acquisition and is included within prepaid assets on the balance sheet. At December 31, 2008, this prepaid asset was \$55.0 million. Tax deductible goodwill, management contracts and other intangible assets of \$27.4 million were initially recorded in relation to this acquisition. Identified intangibles are being amortized over a weighted average useful life of five years.

The fair value of net assets acquired was determined as follows:

\$ in millions	
Property and equipment	3.0
Receivables	4.8
Cash and cash equivalents	6.8
Other	0.9
Payables	(8.8)
Net assets	6.7
Goodwill	13.7
Management contract intangibles	13.7
Prepaid compensation	100.0
Fair value of net assets acquired	134.1
Satisfied by:	
Cash paid to seller at closing	100.0
Deferred consideration	30.0
Transaction costs	4.1
Total purchase price	134.1

The book value of net assets acquired was approximately equal to the fair value of these assets and liabilities. The results of operations of WL Ross are included in the company's Consolidated Statements of Income from the date of acquisition. From October 3, 2006, through December 31, 2006, WL Ross's net income was \$1.3 million.

During the fourth quarter of 2007, payments of \$44.8 million were made related to the WL Ross acquisition, of which \$30.0 million related to deferred consideration. Goodwill was increased by \$18.9 million during 2007. Of this \$18.9 million, \$14.8 million related to the earn-out payment and \$4.1 million related to other goodwill adjustments.

In May 2008, the purchase agreement was amended, resulting in semi-annual earn-out measurement dates (April 3 and October 3). The April 3, 2008, earn-out calculation resulted in an addition to goodwill and a non-interest bearing note payable to the sellers of \$40.1 million, which was paid on October 29, 2008, along with the \$3.3 million earn-out amount calculated on the October 3 measurement date.

The following unaudited pro forma results of operations for the years ended December 31, 2006, assume that the acquisitions of PowerShares and WL Ross had taken place on January 1, 2006, the earliest period presented herein. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations.

\$ in millions, except per share amounts	2006
Operating revenues	3,294.4
Net income	491.8
Basic earnings per share	1.24
Diluted earnings per share	1.21

3. FAIR VALUE OF ASSETS AND LIABILITIES

As discussed in Note 1, "Accounting Policies," the company adopted FASB Statement No. 157 on January 1, 2008. FASB Statement No. 157 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is 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.

FASB Statement No. 157 allows 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 equivalents include cash investments in money market funds and time deposits. Cash and cash equivalents invested in affiliated money market funds totaled \$209.4 million at December 31, 2008. 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 are very short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value, and are classified within level 2 of the valuation hierarchy.

Available-for-sale investments

Available-for-sale investments include amounts seeded into affiliated investment products, foreign time deposits and investments in collateralized loan obligations (CLOs). Seed money is valued under the market approach through use of quoted market prices available in an active market, which is the net asset value of the underlying funds, and is classified within level 1 of the valuation hierarchy. Foreign time deposits are valued under the income approach based on an observable interest rate and are classified within level 2 of the valuation hierarchy. CLOs are valued using an income approach through the use of certain observable and unobservable inputs such as market yields and projected cash flows based on forecasted default and recovery rates. Due to current liquidity constraints within the market for CLO products that require the use of unobservable inputs, these investments are classified as level 3 within the valuation hierarchy. An increase or decrease in the discount rate of 1.0% would change the valuation of the CLOs by \$0.5 million (2007: \$0.9 million).

Trading investments

Trading investments primarily include the investments of the deferred compensation plans that are offered to certain Invesco employees. These investments are primarily invested into affiliated funds. Trading securities 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.

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 AICPA Statement of Position No. 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." 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 following table presents, for each of the hierarchy levels described above, the carrying value of the company's assets that are measured at fair value as of December 31, 2008.

As of December 31, 2008				
in millions	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Current assets:				
Cash equivalents	365.8	209.4	156.4	—
Investments *				
Available-for-sale	86.4	69.1	17.3	—
Trading investments	36.2	36.2	—	—
Assets held for policyholders	840.2	840.2	—	—
Total current assets	1,328.6	1,154.9	173.7	—
Non-current assets:				
Investments – available-for-sale *	17.5	—	—	17.5
Total assets at fair value	1,346.1	1,154.9	173.7	17.5

* Other current cost method investments of \$1.0 million are excluded from this table. Other non-current equity and cost method investments of \$103.8 million 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, which are comprised solely of CLOs, using significant unobservable inputs:

\$ in millions	Year Ended December 31, 2008
Beginning balance	39.0
Unrealized losses previously recognized in accumulated other comprehensive income	2.8
Purchases and issuances	1.5
Other-than-temporary impairment included in other gains and losses, net	(22.7)
Return of capital	(3.1)
Ending balance	17.5

As of December 31, 2008, the company reviewed the cash flow estimates of its CLOs, which are based on the underlying pools of securities and take into account the overall credit quality of the issuers, the forecasted default rates of the securities, and the company's past experience in managing similar securities. These estimates of future cash flows, taking into account both timing and amounts and discounted for appropriate discount rates, indicated a sustained decline in valuation, resulting in other-than-temporary impairment charges during the year ended December 31, 2008, of \$22.7 million. These securities may recover their value over time. There were no unrealized losses from CLO investments included in accumulated other comprehensive loss at December 31, 2008.

4. INVESTMENTS

Current Investments

\$ in millions	2008	2007
Available-for-sale investments:		
Seed money in affiliated funds	69.1	60.9
Foreign time deposits	17.3	22.7
Trading investments:		
Investments related to deferred compensation plans*	35.5	58.8
Other	0.7	2.0
Held-to-maturity investments:		
U.S. Treasury and government agency securities	—	6.0
Other	1.0	1.0
Total current investments	<u>123.6</u>	<u>151.4</u>

Non-current Investments

\$ in millions	2008	2007
Available-for-sale investments:		
Collateralized loan obligations	17.5	39.0
Other	8.5	8.6
Equity method investments	95.3	66.5
Total non-current investments	<u>121.3</u>	<u>114.1</u>

* Investments related to deferred compensation plans include investments in affiliated mutual fund products that are held to economically hedge current and non-current deferred compensation liabilities.

Investments classified as available-for-sale and trading are recorded at fair value. Investments classified as held-to-maturity are recorded at amortized cost.

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

\$ in millions	2008			2007			2006		
	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
Current available-for-sale investments	73.9	1.6	(1.7)	102.8	20.6	—	239.4	9.7	(0.4)
Non-current available-for-sale investments	10.6	7.4	—	9.0	2.6	(5.4)	14.9	8.4	(1.3)

Upon the sale of available-for-sale securities, net realized gains of \$7.3 million, \$17.8 million and \$16.4 million were transferred from accumulated other comprehensive income into the Consolidated Statements of Income during 2008, 2007, and 2006, respectively. The portion of trading gains and losses for the period that relates to trading securities still held at December 31, 2008, and December 31, 2007, were \$18.7 million and \$4.7 million, respectively.

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	2008				2007			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Current:								
Seed money in affiliated funds	78.9	3.7	(13.5)	69.1	58.6	3.0	(0.7)	60.9
Foreign time deposits	17.3	—	—	17.3	22.7	—	—	22.7
Other	1.0	—	—	1.0	1.0	—	—	1.0
Current available-for-sale investments	97.2	3.7	(13.5)	87.4	82.3	3.0	(0.7)	84.6
Non-current:								
Collateralized loan obligations	17.1	0.4	—	17.5	41.4	0.6	(3.0)	39.0
Other	6.8	1.7	—	8.5	6.9	1.7	—	8.6
Non-current available-for-sale investments:	23.9	2.1	—	26.0	48.3	2.3	(3.0)	47.6
	121.1	5.8	(13.5)	113.4	130.6	5.3	(3.7)	132.2

The net carrying amount, gross unrecognized gains, gross unrecognized losses and estimated fair value of held-to-maturity securities is as follows:

\$ in millions	2008				2007			
	Net Carrying Amount	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Net Carrying Amount	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
U. S. Treasury and governmental agency securities	—	—	—	—	6.0	—	—	6.0

Available-for-sale debt securities as of December 31, 2008, by maturity, are set out below:

\$ in millions	Available-for-Sale (Fair Value)
Less than one year	16.7
One to five years	0.6
Five to ten years	5.2
Greater than ten years	12.3
Total available-for-sale	34.8

The following table provides the breakdown of available-for-sale investments with unrealized losses at December 31, 2008:

\$ in millions	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Seed money in affiliated funds	47.1	(12.8)	8.7	(0.7)	55.8	(13.5)

There were no unrealized losses from CLO investments included in accumulated other comprehensive loss at December 31, 2008.

The following table provides the breakdown of available-for-sale investments with unrealized losses at December 31, 2007:

\$ in millions	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Seed money in affiliated funds	8.7	(0.5)	—	(0.2)	8.7	(0.7)
Collateralized loan obligations	—	(2.0)	23.7	(1.0)	23.7	(3.0)
	8.7	(2.5)	23.7	(1.2)	32.4	(3.7)

The company has reviewed investment securities for other-than-temporary impairment in accordance with its accounting policy outlined in Note 1 and has recognized other-than-temporary impairment charges of \$31.2 million during the year ended December 31, 2008 (2007: \$5.4 million), as discussed in Notes 3 and 14. The gross unrealized losses from seed money investments during 2008 and 2007 were primarily caused by declines in the market value of the underlying funds and foreign exchange movements. The gross unrealized losses in CLOs during 2007 were primarily caused by discount rate changes. After conducting a review of the financial condition and near-term prospects of the underlying securities in the seeded funds, the company does not consider any material portion of its gross unrealized losses on these securities to be other-than-temporarily impaired. The securities are expected to recover their value over time and the company has the intent and ability to hold the securities until this recovery occurs.

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 minority interests:

Name of Company	Country of Incorporation	% Voting Interest Owned
Invesco Real Estate GmbH	Germany	75.1%
India Asset Recovery Management Limited	India	80.1%

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

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

Equity method investments also include the company's investments in various of its sponsored private equity, real estate and other investment entities. The company's investment is generally less than 5% of the capital of these entities. These entities include variable interest entities for which the company has determined that it is not the primary beneficiary and other investment products structured as partnerships for which the company is the general partner and the other limited partners possess either substantive kick-out, liquidation or participation rights. See Note 17 for additional information. Equity in earnings of unconsolidated affiliates for the year ended December 31, 2008, was \$46.8 million (2007: \$48.1 million; 2006: \$4.3 million).

5. ASSETS HELD FOR POLICYHOLDERS AND POLICYHOLDER PAYABLES

One of the company's subsidiaries, Invesco Perpetual Life Limited, is an insurance company which was established to facilitate retirement savings plans in the U.K. The entity holds assets on its balance sheet that are legally segregated and are generally not subject to claims that arise from any other Invesco business and which are managed for its clients with an offsetting liability. Both the asset and the liability are reported at fair value. At December 31, 2008, the assets held for policyholders and the linked policyholder payables were \$840.2 million (2007: \$1,898.0 million). Changes in the fair values of these assets and liabilities are recorded in the income statement, where they offset, because the value of the policyholder payables is linked to the value of the assets held for policyholders.

6. PROPERTY AND EQUIPMENT

Changes in property and equipment balances are as follows:

\$ in millions	Technology and Other Equipment	Software	Land and Buildings*	Total
Cost:				
January 1, 2008	465.4	237.9	84.1	787.4
Foreign exchange	(21.2)	(14.8)	(20.4)	(56.4)
Additions	57.1	25.9	1.3	84.3
Disposals	(86.9)	(57.1)	—	(144.0)
December 31, 2008	414.4	191.9	65.0	671.3
Accumulated depreciation:				
January 1, 2008	(397.4)	(203.3)	(6.7)	(607.4)
Foreign exchange	18.1	12.7	2.0	32.8
Depreciation expense	(18.6)	(12.8)	(1.2)	(32.6)
Disposals	84.1	57.1	—	141.2
December 31, 2008	(313.8)	(146.3)	(5.9)	(466.0)
Net book value:				
December 31, 2008	100.6	45.6	59.1	205.3
Cost:				
January 1, 2007	484.0	228.4	85.7	798.1
Foreign exchange	12.6	3.6	0.6	16.8
Additions	16.3	18.9	1.5	36.7
Transfer to investments	—	—	(4.7)	(4.7)
Re-classifications	(1.0)	—	1.0	—
Disposals	(46.5)	(13.0)	—	(59.5)
December 31, 2007	465.4	237.9	84.1	787.4
Accumulated depreciation:				
January 1, 2007	(399.3)	(194.9)	(5.2)	(599.4)
Foreign exchange	(11.0)	(3.2)	—	(14.2)
Depreciation expense	(33.0)	(18.0)	(1.1)	(52.1)
Re-classifications	0.4	—	(0.4)	—
Disposals	45.5	12.8	—	58.3
December 31, 2007	(397.4)	(203.3)	(6.7)	(607.4)
Net book value:				
December 31, 2007	68.0	34.6	77.4	180.0

* Included within land and buildings are \$28.3 million at December 31, 2008 (2007: \$36.8 million), in non-depreciable land assets.

7. INTANGIBLE ASSETS

Intangible assets are predominately investment management contracts acquired through acquisitions. Amortization of investment management contracts is included within general and administrative expenses in the Consolidated Statements of Income. The weighted average amortization period of intangible assets is nine years. The company performed its annual impairment review of indefinite-lived intangible assets as of October 1 of each year. As a result of that analysis, the company determined that no impairment existed. Due to the declines in global markets experienced during the three months ended December 31, 2008, the company conducted an impairment review of intangible assets as of December 31, 2008, and determined that no impairment existed at that date.

\$ in millions	2008	2007
Cost:		
January 1	205.6	205.3
Foreign exchange	(0.1)	0.3
Business acquisitions	2.0	—
December 31	207.5	205.6
Accumulated amortization:		
January 1,	(51.4)	(39.4)
Foreign exchange	—	—
Amortization expense	(13.3)	(12.0)
December 31	(64.7)	(51.4)
Net book value:		
December 31	142.8	154.2

Management contracts include \$99.7 million of amounts acquired in 2006 related to the PowerShares acquisition that have indefinite lives and therefore are not subject to amortization.

Estimated amortization expense for each of the five succeeding fiscal years based upon the company's intangible assets at December 31, 2008, is as follows:

Years Ended December 31, \$ in millions	
2009	12.5
2010	11.9
2011	7.9
2012	4.3
2013	3.6

8. GOODWILL

The table below details changes in the goodwill balance:

\$ in millions	2008	2007
January 1	6,848.0	6,360.7
Business acquisitions — earn-outs	43.8	157.9
Other adjustments	1.3	(3.0)
Foreign exchange	(926.3)	332.4
December 31	5,966.8	6,848.0

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. Due to the declines in global markets experienced during the three months ended December 31, 2008, the company conducted an interim goodwill impairment test at October 31, 2008, and determined that no impairment existed at that date. Interim impairment conclusions, including a reassessment of key assumptions, were reviewed again at December 31, 2008, and the company concluded that no significant changes had occurred.

9. OTHER CURRENT LIABILITIES

\$ in millions	2008	2007
Accruals and other liabilities	134.0	322.3
Compensation and benefits	59.1	71.5
Accrued bonus	264.4	356.1
Accrued deferred compensation	10.6	14.3
Accounts payable	150.2	235.4
Other	21.5	21.5
Other current liabilities	<u>639.8</u>	<u>1,021.1</u>

10. LONG-TERM DEBT

\$ in millions	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsecured Senior Notes:				
4.5% — due December 15, 2009	297.2	277.3	300.0	297.9
5.625% — due April 17, 2012	300.0	231.0	300.0	300.8
5.375% — due February 27, 2013	350.0	299.5	350.0	341.8
5.375% — due December 15, 2014	200.0	168.7	200.0	194.1
Floating rate credit facility expiring March 31, 2010	12.0	12.0	126.4	126.4
Total long-term debt	1,159.2	988.5	1,276.4	1,261.0
Less: current maturities of long-term debt	297.2	277.3	—	—
Long-term debt	<u>862.0</u>	<u>711.2</u>	<u>1,276.4</u>	<u>1,261.0</u>

Analysis of Borrowings by Maturity:

\$ in millions	December 31, 2008
2009	297.2
2010	12.0
2011	—
2012	300.0
2013	350.0
Thereafter	200.0
Total long-term debt	<u>1,159.2</u>

There are no restrictive covenants in the company's Senior Note agreements.

On November 24, 2008, the company received board authorization to begin repurchasing up to \$120.0 million of the \$300.0 million 4.5% senior notes due December 15, 2009. As of December 31, 2008, \$2.8 million of the notes had been retired generating \$0.2 million in gains upon the retirement of debt at a discount.

Date Purchased	Face Amount Purchased (\$ millions)	Price Paid (% of Par)	Net Amount Paid for Bonds (\$ millions)*	Gain on Discount (\$ millions)
December 5, 2008	1.8	93.25	1.7	0.1
December 11, 2008	1.0	93.32	0.9	0.1
	<u>2.8</u>	<u>93.28</u>	<u>2.6</u>	<u>0.2</u>

* Net amount paid for bonds includes accrued interest

The floating rate credit facility provides for borrowings of various maturities, contains certain conditions and is unsecured. As of December 31, 2008, \$888.0 million (2007: \$773.6 million) remained available on the credit facility. Standard conditions for borrowing under the facility exist, such as compliance with laws, payment of taxes and maintenance of insurance. The company pays quarterly commitment fees and an annual administration fee for the maintenance of the credit facility. These fees, which are not significant in amount, are recorded in interest expense on the Consolidated Statements of Income.

Financial covenants under the credit facility include the quarterly maintenance of a debt/EBITDA ratio, as defined in the credit facility, of not greater than 3.25:1.00 and a coverage ratio (EBITDA, as defined in the credit facility/interest payable for the four consecutive fiscal quarters ended before the date of determination) of not less than 4.00:1.00. Examples of restrictive covenants in the credit facility include, but are not limited to: prohibitions on creating, incurring or assuming any liens; making or holding external loans; entering into certain restrictive merger arrangements; selling, leasing, transferring or otherwise disposing of assets which generated up to 20% of the consolidated operating income of the borrower; making certain investments; making a material change in the nature of our business; making an amendment to company bylaws that would have a material adverse effect; making a significant accounting policy change in certain situations; making certain limitations on subsidiary entities; becoming a general partner to certain investments; transacting with affiliates except in the ordinary course of business; and incurring a certain amount of indebtedness through the non-guarantor subsidiaries. The company was in compliance with these covenants for the years ended December 31, 2008, and 2007.

Fees, which range from 9 to 25 basis points, and borrowing margins, which range from 36 to 75 basis points, are derived from tiers defined by debt/EBITDA ratios, as outlined in the credit facility. Interest is payable on the credit facility based upon LIBOR, Prime, Federal Funds or other bank-provided rates in existence at the time of each borrowing. The weighted average interest rate on the credit facility was 0.74% at December 31, 2008 (December 31, 2007: 5.28%).

The company maintains approximately \$39.1 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 reasons. Approximately \$23.6 million of the letters of credit support office lease obligations.

11. COMMON, ORDINARY, EXCHANGEABLE AND TREASURY SHARES

Movements in common, ordinary and exchangeable shares issued and outstanding are represented in the table below:

	Common Shares	Ordinary Shares	Exchangeable Shares
In millions			
January 1, 2006	—	818.1	22.6
Exercise of options	—	10.5	—
Business combinations	—	0.5	—
Conversion of exchangeable shares into ordinary shares	—	2.8	(2.8)
December 31, 2006	—	831.9	19.8
Exercises of options	—	15.0	—
Business combinations	—	0.6	—
Conversion of exchangeable shares into ordinary shares	—	19.8	(19.8)
Cancellation of ordinary shares held in treasury shares	—	(19.4)	—
Cancellation of ordinary shares and issuance of common shares	847.9	(847.9)	—
One-for-two share capital consolidation	(423.9)	—	—
December 4, 2007	424.0	—	—
Exercise of options	0.7	—	—
December 31, 2007	424.7	—	—
Exercise of options	1.9	—	—
December 31, 2008	426.6	—	—

Common Shares of Invesco Ltd.

In millions	2008	
	Number	Book Value
Authorized common shares of 20 cents each	1,050.0	210.0
Issued and outstanding common shares of 20 cents each	426.6	85.3

On December 4, 2007, INVESCO PLC became a wholly-owned subsidiary of Invesco Ltd. and the shareholders of INVESCO PLC received common shares of Invesco Ltd. in exchange for their ordinary shares of INVESCO PLC. The primary listing of shares of the company moved from the London Stock Exchange to the New York Stock Exchange. This transaction was accounted for in a manner similar to a pooling of interests. A share capital consolidation, also known as a reverse stock split, on a one-for-two basis was immediately effected. Share amounts and prices have been retroactively restated to reflect the reverse stock split, where appropriate.

Exchangeable Shares

The exchangeable shares issued by INVESCO Inc., a subsidiary of the company, were exchangeable into ordinary shares of INVESCO PLC on a one-for-one basis at any time at the request of the holder. They had, as nearly as practicable, the economic equivalence of the ordinary shares of INVESCO PLC, including the same voting and dividend rights as the ordinary shares. Prior to the December 4, 2007, share capital reorganization, all of the company's exchangeable shares were redeemed in accordance with their terms, and each holder of INVESCO Inc. exchangeable shares received one INVESCO PLC ordinary share. Prior to their redemption, the exchangeable shares were included as part of shareholders' equity in the Consolidated Balance Sheet to present a complete view of the company's capital structure, as they were economically equivalent to ordinary shares.

Treasury Shares

On April 23, 2008, the board of directors authorized a new share repurchase program of up to \$1.5 billion with no stated expiration date. During the year ended December 31, 2008, 12.3 million common shares of Invesco Ltd. were purchased in the market and in private transactions with current executive and other officers of the company at a cost of \$313.4 million, and were recorded as treasury shares on the Consolidated Balance Sheets. Separately, an aggregate of 0.3 million shares were withheld on vesting events during the year ended December 31, 2008, to meet employees' tax obligations. The value of these shares withheld was \$4.6 million.

On June 13, 2007, the company's board of directors authorized a share repurchase program of up to \$500.0 million of the ordinary shares of INVESCO PLC. The share repurchase authorization was fully utilized by March 2008. Through December 4, 2007, 19.4 million ordinary shares had been repurchased at a cost of \$253.3 million, which was reflected as an increase in Treasury Shares on the Consolidated Balance Sheet. On November 30, 2007, 19.4 million Treasury Shares were cancelled. Between December 4 and 31, 2007, 3.5 million common shares of Invesco Ltd. were purchased at a cost of \$99.6 million, reflected as Treasury Shares on the Consolidated Balance Sheet. Of the total share repurchase program amount authorized, \$154.5 million remained as of December 31, 2007. The share purchases in December 2007 included 0.3 million common shares at a cost of \$7.4 million from current executive officers of the company that have not been included in arriving at the remaining authorized amount.

Treasury shares include shares held related to certain employee share-based payment programs. These shares include shares held in the Invesco Employee Share Option Trust and the Invesco Global Stock Plan Trust. The Invesco Global Stock Plan Trust was terminated in December 2008. The transaction had no accounting implications for the company. The shares formerly held by the Invesco Global Stock Plan Trust are now held by the company. These shares are accounted for under the treasury stock method. The former Invesco Global Stock Plan Trust purchased 13.3 million INVESCO PLC ordinary shares at a cost of \$330.8 million before December 4, 2007, which were converted to common shares of Invesco Ltd. on that date. Between December 4 and December 31, 2007, there were no purchases of common shares under the former Invesco Global Stock Plan Trust. See Note 18, "Share-Based Compensation."

The trustees of the Employee Share Option Trust waived dividends amounting to \$5.0 million in 2008 (2007: \$3.6 million). The trustees of the Global Stock Plan Trust waived dividends amounting to \$4.5 million in 2008 (2007: \$1.5 million); however the company paid an equivalent amount of cash in lieu of a dividend to certain restricted stock unit recipients per the terms of the awards.

Movements in Treasury Shares comprise:

In millions	Treasury Shares
January 1, 2006	49.6
Acquisition of ordinary shares	19.2
Distribution of ordinary shares	(2.8)
December 31, 2006	66.0
Acquisition of ordinary shares	45.9
Dividend shares	0.5
Distribution of ordinary shares	(3.1)
Cancellation of ordinary shares held in Treasury	(19.4)
One-for-two share capital consolidation	(44.9)
December 4, 2007	45.0
Acquisition of common shares	3.5
Distribution of common shares	(3.5)
December 31, 2007	45.0
Acquisition of common shares	12.6
Distribution of common shares	(4.4)
Common shares distributed to meet option exercises	(3.1)
December 31, 2008	50.1

The market price of common shares at the end of 2008 was \$14.44. The total market value of the company's 50.1 million treasury shares was \$723.4 million on December 31, 2008.

12. ACCUMULATED OTHER COMPREHENSIVE (LOSS)/INCOME

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

\$ in millions	2008	2007	2006
Net unrealized gains (losses) on available-for-sale investments	(7.7)	1.6	18.4
Tax on unrealized gains (losses) on available-for-sale investments	0.1	(2.2)	(2.6)
Cumulative foreign currency translation adjustments	(46.3)	987.9	636.8
Tax on cumulative foreign currency translation adjustments	1.3	6.3	8.0
Pension liability adjustments	(59.4)	(59.1)	(66.8)
Tax on pension liability adjustments	16.2	17.6	20.7
Total accumulated other comprehensive (loss)/ income	(95.8)	952.1	614.5

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

\$ in millions	2008	2007	2006
Net income	481.7	673.6	482.7
Unrealized holding gains (losses) on available-for-sale investments	(33.3)	1.0	9.8
Tax on unrealized holding (gains) losses on available-for-sale investments	3.2	0.2	(1.1)
Reclassification adjustments for (gains) losses on available-for-sale investments included in net income	24.0	(17.8)	(16.4)
Tax on reclassification adjustments for gains (losses) on available-for-sale investments included in net income	(0.9)	0.2	3.2
Foreign currency translation adjustments	(1,034.2)	351.1	268.3
Tax on foreign currency translation adjustments	(5.0)	(1.7)	4.9
Adjustments to pension liability	(0.3)	7.7	25.3
Tax on adjustments to pension liability	(1.4)	(3.1)	(7.7)
Total other comprehensive (loss)/income	<u>(566.2)</u>	<u>1,011.2</u>	<u>769.0</u>

13. GEOGRAPHIC INFORMATION

The company operates under one business segment, asset management. Geographical information is presented below.

\$ in millions	U.S.	U.K./Ireland	Canada	Europe/Asia	Total
2008					
Operating revenues	1,479.9	1,196.5	516.6	114.6	3,307.6
Inter-company	33.4	(146.4)	(16.1)	129.1	—
	<u>1,513.3</u>	<u>1,050.1</u>	<u>500.5</u>	<u>243.7</u>	<u>3,307.6</u>
Long-lived assets	126.3	61.9	8.1	9.0	205.3
2007					
Operating revenues	1,587.7	1,436.2	697.3	157.7	3,878.9
Inter-company	61.3	(163.5)	(22.0)	124.2	—
	<u>1,649.0</u>	<u>1,272.7</u>	<u>675.3</u>	<u>281.9</u>	<u>3,878.9</u>
Long-lived assets	80.1	81.1	8.4	10.4	180.0
2006					
Operating revenues	1,456.2	1,033.8	624.1	132.6	3,246.7
Inter-company	51.5	(130.4)	(14.0)	92.9	—
	<u>1,507.7</u>	<u>903.4</u>	<u>610.1</u>	<u>225.5</u>	<u>3,246.7</u>
Long-lived assets	90.8	85.0	11.3	11.6	198.7

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

14. OTHER GAINS AND LOSSES, NET

\$ in millions	2008	2007	2006
Other gains:			
Gain on sale of investments	10.7	32.2	18.1
Gain on sale of business	—	1.6	1.9
Net foreign exchange gains	—	—	8.5
Total other gains	10.7	33.8	28.5
Other losses:			
Other-than-temporary impairment of available-for-sale investments	(31.2)	(5.4)	—
Losses incurred on fund liquidations	—	(8.2)	—
Other realized losses	(6.4)	—	(1.7)
Net foreign exchange losses	(13.0)	(10.3)	—
Total other losses	(50.6)	(23.9)	(1.7)
Other gains and losses, net	(39.9)	9.9	26.8

15. TAXATION

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

\$ in millions	2008	2007	2006
Current:			
Federal	(41.4)	(107.4)	(98.2)
State	(6.9)	(9.0)	(10.4)
Foreign	(156.0)	(260.6)	(181.8)
	<u>(204.3)</u>	<u>(377.0)</u>	<u>(290.4)</u>
Deferred:			
Federal	(31.9)	25.1	25.9
State	0.1	2.5	(1.2)
Foreign	0.1	(7.9)	11.1
	<u>(31.7)</u>	<u>19.7</u>	<u>35.8</u>
Total income tax (provision) benefit	<u>(236.0)</u>	<u>(357.3)</u>	<u>(254.6)</u>

The net deferred tax recognized in our balance sheet at December 31 includes the following:

\$ in millions	2008	2007
Deferred Tax Assets:		
Deferred compensation arrangements	104.1	116.7
Expenses for vacating leased property	23.3	19.1
Tax loss carryforwards	52.4	55.1
Excess underlying foreign tax credit	102.9	68.0
Postretirement medical, pension and other benefits	29.9	33.3
Fixed asset depreciation	3.6	12.8
Unrealized foreign exchange	—	13.8
Investment basis differences	17.5	10.1
Other	12.5	17.0
Total Deferred Tax Assets	346.2	345.9
Valuation Allowance	(154.3)	(119.2)
Deferred Tax Assets, net of valuation allowance	191.9	226.7
Deferred Tax Liabilities:		
Deferred sales commissions	(12.9)	(17.8)
Intangible asset amortization	(26.9)	(17.9)
Undistributed earnings of subsidiaries	(8.9)	(14.1)
Basis differences on available-for-sale assets	(0.4)	(4.1)
Revaluation reserve	(4.7)	(6.4)
Other	(14.8)	(0.1)
Total Deferred Tax Liabilities	(68.6)	(60.4)
Net Deferred Tax Assets	123.3	166.3

A reconciliation between the statutory rate and the effective tax rate on income from operations for the years ended December 31, 2008, 2007 and 2006 is as follows:

	2008	2007	2006
Statutory Rate	35.0%	35.0%	30.0%
Foreign jurisdiction statutory income tax rates	(4.7)%	(4.6)%	2.5%
State taxes, net of federal tax effect	0.5%	0.9%	2.1%
Additional tax on unremitted earnings	(0.2)%	1.1%	0.9%
Change in valuation allowance for unrecognized tax losses	2.0%	0.8%	—
Non-deductible expenses related to relisting/redomicile	—	0.4%	—
Other	0.3%	1.0%	(1.0)%
Effective tax rate (excluding minority interest)	32.9%	34.6%	34.5%
Income from minority interests	3.0%	(5.9)%	(9.9)%
Effective tax rate per Consolidated Statements of Income	35.9%	28.7%	24.6%

The company's effective tax rate for 2006 is reconciled to the U.K. statutory tax rate of 30% as that was the statutory rate of our predecessor company INVESCO PLC. As a result of the change in our domicile in 2007 to Bermuda, the U.S. statutory rate of 35.0% is used for 2008 and 2007.

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., Canada and the U.K. The current U.K. statutory tax rate is 28.0%, the Canadian statutory tax rate is 33.5% and the U.S. Federal statutory tax rate is 35.0%.

The U.K.'s tax rate decreased from 30% to 28.0% effective April 1, 2008. On December 14, 2007, legislation was enacted to reduce the Canadian income tax rate over five years. Beginning January 1, 2008, the Canadian rate was reduced to 33.5%, with further reductions to 33.0% in 2009, 32.0% in 2010, 30.5% in 2011, and finally 29.0% in 2012. The reduction in our Canadian and U.K. deferred tax assets as a result of these rate changes increased our 2007 effective tax rate by 0.3% and is included in "Other" above.

At December 31, 2008, the company had tax loss carryforwards accumulating in certain subsidiaries in the aggregate of \$165.0 million (2007: \$139.8 million), approximately \$17.0 million of which expire between 2009 and 2013, with the remaining \$148.0 million having an indefinite life. A full valuation allowance has been recorded against the deferred tax assets related to these losses based on a history of losses in these subsidiaries which make it unlikely that the deferred tax assets will be realized. An excess underlying foreign tax credit of \$102.9 million (2007: \$68.0 million) has been recorded as a deferred tax asset with a full valuation allowance because it is unlikely that it will be realized.

Deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's subsidiaries, consolidated investment products, and joint ventures except where, it is our intention to continue to indefinitely reinvest the undistributed earnings. Our Canadian and U.S. subsidiaries continue to be directly owned by Invesco Holding Company Limited (formerly INVESCO PLC, our predecessor company), which is directly owned by Invesco, Ltd. Our Canadian unremitted earnings for which we are indefinitely reinvested are estimated to be \$953 million at December 31, 2008, compared with \$880 million at December 31, 2007. If distributed as a dividend, Canadian withholding tax of 5.0% would be due. Deferred tax liabilities in the amount of \$8.9 million (2007: \$14.1 million) for additional U.K. 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. 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., the underlying U.S. tax rate is greater than the U.K. tax rate, and we have U.K. tax credits available. There are no additional taxes on dividends from the U.K. to Bermuda.

At January 1, 2008, the company had approximately \$69.0 million of gross unrecognized income tax benefits (UTBs) recorded in accordance with FIN 48. Of this total, \$24.8 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, 2007, to December 31, 2008, is as follows:

\$ in millions	Gross Unrecognized Income Tax Benefits
Balance at January 1, 2007	68.5
Additions for tax positions related to the current year	8.6
Additions for tax positions related to prior years	—
Other reductions for tax positions related to prior years	(4.2)
Settlements	(3.9)
Balance at December 31, 2007	69.0
Additions for tax positions related to the current year	5.1
Additions for tax positions related to prior years	(0.2)
Other reductions for tax positions related to prior years	(6.1)
Reductions for statute closings	(11.9)
Balance at December 31, 2008	55.9

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, 2008, the total amount of gross unrecognized tax benefits was \$55.9 million. Of this total, \$22.6 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 \$24.4 million at December 31, 2008, including \$6.4 million in 2008 of tax benefit. As a result of the expiration of statutes of limitations for various jurisdictions and anticipated legislative changes, 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 \$15.0 million. The company and its subsidiaries are routinely examined by various taxing authorities worldwide. The company and its subsidiaries file income tax returns in the federal jurisdiction, various states and foreign jurisdictions. With few exceptions, the company is no longer subject to income tax examinations by the primary tax authorities for years before 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, 2008, 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	Net Income	Weighted Average Number of Shares*	Per Share Amount*
2008			
Basic earnings per share	\$481.7	386.4	\$1.25
Dilutive effect of share-based awards	—	11.1	—
Diluted earnings per share	\$481.7	397.5	\$1.21
2007			
Basic earnings per share	\$673.6	398.0	\$1.69
Dilutive effect of share-based awards	—	12.3	—
Diluted earnings per share	\$673.6	410.3	\$1.64
2006			
Basic earnings per share	\$482.7	396.1	\$1.22
Dilutive effect of share-based awards	—	10.0	—
Diluted earnings per share	\$482.7	406.1	\$1.19

* Prior period weighted average number of shares and earnings per share amounts have been adjusted to give effect to the one-for-two reverse stock split that the company effected on December 4, 2007, in connection with its relisting and redomicile. See Note 1 for additional information.

See Note 18 for a summary of share awards outstanding under the company's share-based payment programs. These programs could result in the issuance of common shares that would affect the measurement of basic and diluted earnings per share. Options to purchase 13.7 million common shares at a weighted average exercise price of 1,886p were outstanding during the year ended December 31, 2008 (2007: 15.5 million share options at a weighted average exercise price of 1,886p; 2006: 37.1 million share options at a weighted average exercise price of 917p), but were not included in the computation of diluted earnings per share because the option's exercise price was greater than the average market price of the common shares and therefore their inclusion would have been anti-dilutive. There were no time-vested share awards or contingently issuable shares (including performance-vested share awards) that were excluded from the computation of diluted earnings per share during the years ended December 31, 2008, 2007 and 2006 due to their inclusion being anti-dilutive.

17. CONSOLIDATED INVESTMENT PRODUCTS

The company provides investment management services to, and has transactions with, various private equity, real estate, fund-of-funds, 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. Certain of these investments are considered to be variable interest entities (VIEs). If the company is the primary beneficiary of the VIEs, then the investment products are consolidated into the company's financial statements. Other partnership entities are consolidated under EITF 04-5, as the company is the general partner and is presumed to have control, in the absence of simple majority kick-out rights to remove the general partner, simple majority liquidation rights to dissolve the partnership, or any substantive participating rights of the other limited partners. Investment products are also consolidated under FASB Statement No. 94, if appropriate.

For investment products that are structured as partnerships and are determined to be VIEs, including private equity, real estate and fund-of-funds products, the company evaluates the structure of the partnership to determine if it is the primary beneficiary of the investment product. This evaluation includes assessing the rights of the limited partners to transfer their economic interests in the investment product. If the limited partners lack objective rights to transfer their economic interests, they are considered to be de facto agents of the company, resulting in the company determining that it is the primary beneficiary of the investment product. The

company generally takes less than a 1% investment in these entities as the general partner. Interests in unconsolidated private equity, real estate and fund-of-funds products are classified as equity method investments in the company's Consolidated Balance Sheets. See Note 4 for additional information. The company's risk with respect to each investment is limited to its equity ownership and any uncollected management fees. Therefore, gains or losses of consolidated investment products have not had a significant impact on the company's results of operations, liquidity or capital resources. The company has no recourse to the assets or liabilities of these VIEs. VIE assets can only be used to settle obligations of the investment products. Creditors to consolidated VIEs have no recourse against the assets of the company.

For CLO entities, as discussed in Notes 3 and 4, the company generally takes only a relatively small portion of the unrated, junior subordinated positions and has determined that it is not the primary beneficiary of these investment products. The company's investments in CLOs are generally subordinated to other interests in the entities and entitle the investors to receive the residual cash flows, if any, from the entities. Investors in CLOs have no recourse against the company for any losses sustained in the CLO structure. The company's ownership interests, which are classified as available-for-sale investments on the company's Consolidated Balance Sheets, combined with its other interests (management and incentive fees), are quantitatively assessed to determine if the company is the primary beneficiary of these entities. The company has determined that in the majority of potential return outcomes, it does not absorb greater than 50% of the expected gains or losses from the CLOs; therefore, the company is not the primary beneficiary of, and does not consolidate, these CLO entities. The company's equity interest in the CLOs of \$17.5 million at December 31, 2008, represents its maximum risk of loss.

As discussed in Note 21, the company has entered into contingent support agreements for two of its investment trusts to enable them to sustain a stable pricing structure, creating variable interests in these VIEs. The company earns management fees from the trusts and has a small investment in one of these trusts. The company was not deemed to be the primary beneficiary of these trusts after considering any explicit and implicit variable interests in relation to the total expected gains and losses of the trusts. The maximum committed amount under the support agreements, which represents the company's maximum risk of loss, is equivalent to the amount of support that the trusts required as of December 31, 2008, to maintain the net asset value of the trusts at \$1 per share. The recorded fair value of the guarantees related to these agreements at December 31, 2008, was estimated to be \$5.5 million, which was recorded as a guarantee obligation in the Consolidated Balance Sheet. The fair value of these agreements is lower than the maximum support amount reflecting management's estimation that the likelihood of funding under the support agreement is low, as significant investor redemptions out of the trusts before the scheduled maturity of the underlying securities or significant credit default issues of the securities held within the trusts' portfolios would be required to trigger funding by the company.

At December 31, 2008, 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	Carrying Value	Company's Maximum Risk of Loss
CLOs	17.5	17.5
Partnership and trust investments	34.2	34.2
Support agreements (See Note 21)	(5.5)	43.0
Total		94.7

The following tables reflect the impact of consolidation at fair value of these investment products into the Consolidated Balance Sheets as of December 31, 2008, and 2007 and the Consolidated Statements of Income for the periods ended December 31, 2008, 2007 and 2006.

Balance Sheets

\$ in millions	Before Impact of Consolidated Investment Products	Variable Interest Entities	Other Consolidated Investment Products	Consolidated Total
As of December 31, 2008				
Current assets	2,301.7	13.5	63.7	2,378.9
Non-current assets	6,534.2	141.9	701.9	7,378.0
Total assets	8,835.9	155.4	765.6	9,756.9
Current liabilities	2,098.3	1.0	4.1	2,103.4
Non-current liabilities	1,057.3	—	—	1,057.3
Total liabilities	3,155.6	1.0	4.1	3,160.7
Minority interests in equity of consolidated entities	7.1	153.5	746.1	906.7
Total shareholders' equity	5,673.2	0.9	15.4	5,689.5
Total liabilities, minority interests and shareholders' equity	8,835.9	155.4	765.6	9,756.9

\$ in millions	Before Impact of Consolidated Investment Products	Variable Interest Entities	Other Consolidated Investment Products	Consolidated Total
As of December 31, 2007				
Current assets	4,128.9	35.3	4.4	4,168.6
Non-current assets	7,517.0	825.8	413.8	8,756.6
Total assets	11,645.9	861.1	418.2	12,925.2
Current liabilities	3,634.0	5.9	1.0	3,640.9
Non-current liabilities	1,454.8	—	117.7	1,572.5
Total liabilities	5,088.8	5.9	118.7	5,213.4
Minority interests in equity of consolidated entities	14.9	842.5	263.8	1,121.2
Total shareholders' equity	6,542.2	12.7	35.7	6,590.6
Total liabilities, minority interests and shareholders' equity	11,645.9	861.1	418.2	12,925.2

Statements of Income

\$ in millions	Before Impact of Consolidated Investment Products	Variable Interest Entities	Other Consolidated Investment Products	Consolidated Total
Year ended December 31, 2008				
Total operating revenues	3,308.4	(0.6)	(0.2)	3,307.6
Total operating expenses	(2,555.3)	(0.6)	(3.9)	(2,559.8)
Operating income	753.1	(1.2)	(4.1)	747.8
Equity in earnings of unconsolidated affiliates	46.8	—	—	46.8
Interest income	37.2	—	—	37.2
Other investment income	(39.9)	15.5	(73.5)	(97.9)
Interest expense	(76.9)	—	—	(76.9)
Income before income taxes and minority interest	720.3	14.3	(77.6)	657.0
Income tax provision	(236.0)	—	—	(236.0)
Income before minority interest	484.3	14.3	(77.6)	421.0
Minority interest income of consolidated entities, net of tax	(1.7)	(14.3)	76.7	60.7
Net income	482.6	—	(0.9)	481.7

\$ in millions	Before Impact of Consolidated Investment Products	Variable Interest Entities	Other Consolidated Investment Products	Consolidated Total
Year ended December 31, 2007				
Total operating revenues	3,872.4	(0.7)	7.2	3,878.9
Total operating expenses	(2,876.3)	(2.8)	(5.5)	(2,884.6)
Operating income	996.1	(3.5)	1.7	994.3
Equity in earnings of unconsolidated affiliates	48.1	—	—	48.1
Interest income	48.5	—	—	48.5
Other investment income	9.9	202.7	11.6	224.2
Interest expense	(71.3)	—	—	(71.3)
Income before income taxes and minority interest	1,031.3	199.2	13.3	1,243.8
Income tax provision	(357.5)	0.2	—	(357.3)
Income before minority interest	673.8	199.4	13.3	886.5
Minority interest income of consolidated entities, net of tax	(4.3)	(195.3)	(13.3)	(212.9)
Net income	669.5	4.1	—	673.6

\$ in millions	Before Impact of Consolidated Investment Products	Variable Interest Entities	Other Consolidated Investment Products	Consolidated Total
Year ended December 31, 2006				
Total operating revenues	3,231.5	10.7	4.5	3,246.7
Total operating expenses	(2,478.2)	(5.4)	(3.9)	(2,487.5)
Operating income	753.3	5.3	0.6	759.2
Equity in earnings of unconsolidated affiliates	4.3	—	—	4.3
Interest income	26.9	—	—	26.9
Other investment income	26.8	246.5	47.8	321.1
Interest expense	(77.2)	—	—	(77.2)
Income before income taxes and minority interest	734.1	251.8	48.4	1,034.3
Income tax provision	(256.3)	1.7	—	(254.6)
Income before minority interest	477.8	253.5	48.4	779.7
Minority interest income of consolidated entities, net of tax	(0.7)	(247.9)	(48.4)	(297.0)
Net income	477.1	5.6	—	482.7

The following table presents the fair value hierarchy levels of the carrying value of investments held by consolidated investment products, which are measured at fair value as of December 31, 2008.

As of December 31, 2008				
\$ in millions	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments held by consolidated investment products	843.8	82.8	—	761.0

Consolidated investment products are structured as partnerships. 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. If these securities are subject to trading restrictions, they may be valued at a discount to quoted prices. 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 indicates 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. Level 3 classification indicates that the fair value of these investments was determined using inputs that are unobservable and reflect the partnership's own assumptions about the assumptions that market participants would use in pricing the asset (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the partnership's own data. The partnership's own data used to develop unobservable inputs are adjusted if information indicates that market participants would use different assumptions. Gains and losses of consolidated investment products are reflected in the tables above. Purchases of investments and proceeds from the sale of investments by consolidated investment products are included in the Consolidated Statement of Cash Flows.

As a result of amendments made to limited partnership agreements of certain real estate partnerships, the company determined that it no longer controlled certain real estate partnerships under EITF 04-5. Accordingly, investments of consolidated investment products of \$398.0 million, borrowings of consolidated investment products of \$136.2 million, and the related minority interest balance of \$256.1 million, were deconsolidated effective April 1, 2008. Amendments were made to certain other limited partnership agreements, triggering reconsideration events that required the general partnership's ownership to be reassessed. As a result, certain limited partnerships are now presented as Other Consolidated Investment Products and are consolidated under EITF 04-5 and others were deconsolidated.

18. SHARE-BASED COMPENSATION

The company recognized total expenses of \$97.7 million, \$105.2 million and \$140.6 million related to equity-settled share-based payment transactions in 2008, 2007 and 2006, respectively. The total income tax benefit recognized in the Consolidated Statements of Income for share-based compensation arrangements was \$32.1 million for 2008 (2007: \$36.8 million; 2006: \$47.4 million).

Cash received from exercise of share options and sharesave plan awards granted under share-based compensation arrangements was \$79.8 million in 2008 (2007: \$137.4 million; 2006: \$66.8 million). The tax benefit realized from share option exercises was \$54.9 million in 2008 (2007: \$38.2 million; 2006: \$17.9 million).

Share Awards

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

Time-vested awards vest ratably over or cliff-vest at the end of a period of continued employee service. Performance-vested awards cliff-vest at the end of or vest ratably over a defined vesting period of continued employee service upon the company's attainment of certain performance criteria, generally the attainment of cumulative EPS growth targets at the end of the vesting period reflecting a compound annual growth rate of between 10.0% and 15.0% per annum during a three-year period. Time-vested and performance-vested share awards are granted in the form of restricted share awards (RSAs) or restricted share units (RSUs). Dividends accrue

directly to the employee holder of RSAs, and cash payments in lieu of dividends are made to employee holders of certain RSUs. There is therefore no discount to the fair value of these share awards at their grant date. Throughout this note, share award numbers and share prices have been adjusted to reflect the one-for-two share consolidation that occurred on December 4, 2007. Movements on share awards priced in Pounds Sterling prior to the company's primary share listing moving to the New York Stock Exchange are detailed below:

	2008			2007		2006	
	Time-Vested	Performance-Vested	Weighted Average Grant Date Fair Value (pence)	Time-Vested	Performance-Vested	Time-Vested	Performance-Vested
Millions of shares, except fair values							
Unvested at the beginning of year	15.2	6.2	9.16	15.6	4.6	16.6	2.5
Granted during the year	—	—	—	4.9	1.9	1.7	2.2
Forfeited during the year	(0.7)	(1.8)	11.06	(1.4)	(0.3)	(0.7)	(0.1)
Vested and distributed during the year	(4.3)	(0.1)	7.52	(3.9)	—	(2.0)	—
Unvested at the end of the year	10.2	4.3	9.35	15.2	6.2	15.6	4.6

Subsequent to the company's primary share listing moving to the New York Stock Exchange, shares are now priced in U.S. dollars. Movements on share awards priced in U.S. dollars are detailed below:

	2008 Time-Vested	Weighted Average Grant Date Fair Value (\$)
Millions of shares, except fair values		
Unvested at the beginning of year	—	—
Granted during the year	3.6	26.65
Forfeited during the year	(0.1)	27.01
Unvested at the end of the year	3.5	26.64

All share awards outstanding at December 31, 2008, had a weighted average remaining contractual life of 1.5 years. The total fair value of shares that vested during 2008 was \$107.0 million (2007: \$85.3 million; 2006: \$15.3 million). The weighted average fair value at the date of grant of the historical Pound Sterling share awards was 752p (2007: 665p; 2006: 684p). The weighted average fair value at the date of grant of the U.S. dollar share awards was \$26.65.

RSUs that do not include dividend rights or cash payments in lieu of dividends are valued using the Black Scholes model. There were no such awards granted in 2008 or 2007. The assumptions used in the Black Scholes model for these awards granted in 2006 are as follows:

	2006
Weighted average share price	1,034p
Expected term	5.3 years
Expected dividend yield	1.84%

At December 31, 2008, there was \$125.0 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 2.31 years.

Share Options

The company has not granted awards of share options since 2005. The company maintains two historical option plans with outstanding share options: the 2000 Share Option Plan and the No. 3 Executive Share Option Scheme.

Since November 2002, the vesting of share options awarded under the 2000 Plan are subject to the satisfaction of the performance conditions described further below. The performance targets for the plan for options granted after November 2002 provide that an option granted to an eligible employee may vest only if earnings per share since the date of the award has grown by a specified

percentage in excess of a weighted average of the U.K. Retail Price Index and the U.S. Consumer Price Index (the Composite Index) over the preceding three years. Upon the exercise of share options, the company either issues new shares or can utilize shares held in treasury or by the Employee Share Option Trust (see Note 11) to satisfy the exercise.

The share option plans provide for a grant price equal to the quoted market price of the company's shares on the date of grant. The cliff vesting period is three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the company before the options vest. The share option programs were valued using a stochastic model (a lattice model) at grant date.

\$ in millions, except prices	2008		2007		2006	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
		(pence)		(pence)		(pence)
Outstanding at the beginning of year	29.7	1,296.72	40.5	1,220.54	64.4	1,086.18
Forfeited during the year	(1.6)	1,419.28	(3.1)	1,399.81	(19.1)	936.38
Exercised during the year	(5.0)	750.17	(7.7)	855.27	(4.8)	673.44
Outstanding at the end of the year	23.1	1,405.79	29.7	1,296.72	40.5	1,220.54
Exercisable at the end of the year	23.0	1,415.63	21.3	1,546.31	24.4	1,560.44

The share option exercise prices are denominated in Pounds Sterling. Upon exercise, the Pound Sterling exercise price will be converted to U.S. dollars using the foreign exchange rate in effect on the exercise date. The options outstanding at December 31, 2008, had a range of exercise prices from 50p to 3,360p, and a weighted average remaining contractual life of 3.44 years (for options exercisable at December 31, 2008, the weighted average remaining contractual life is 3.45 years). The total intrinsic value of options exercised during the years ended December 31, 2008, 2007 and 2006 was \$41.4 million, \$67.9 million and \$40.4 million, respectively. At December 31, 2008, the aggregate intrinsic value of options outstanding and options exercisable was \$35.1 million and \$32.8 million, respectively. The market price at the end of 2008 was \$14.44 (2007: \$31.38). Upon exercise, the Pound Sterling exercise price will be converted to U.S. dollars using the foreign exchange rate in effect on the exercise date.

On February 12, 2007, 6.2 million performance-based share options granted in 2003 vested. No expense for these options was recorded in 2004, 2005 or during the first six months of 2006 based upon the expectation that the required performance targets for the vesting of these options would not be attained. As a result of the improved performance in 2006, the company recorded a charge of \$44.7 million in the second half of 2006 (\$0.08 per share, net of tax), representing the current year and cumulative previously unrecognized cost to the company of these awards.

Sharesave Plans

The company operates a number of sharesave plans under which eligible employees may save up to £250 per month for periods up to three years. Options awarded under these plans may be exercised at the end of the contract periods, or alternatively the employee may have his or her savings returned.

The employee share purchase plans were open to almost all employees and provide for a purchase price equal to the market price on the date of grant, less 15.0% to 20.0%. The shares can be purchased at the end of the 27- to 42-month savings contract. As of December 31, 2008, there are 0.9 million options to purchase shares outstanding under these programs. The fair value of these options was determined using the stochastic valuation model (a lattice model), and the weighted average contractual life of these awards is 0.76 years at December 31, 2008.

At December 31, 2008, there was \$1.6 million of total unrecognized compensation cost related to non-vested share options granted under sharesave plans; that cost is expected to be recognized over a weighted average period of 0.78 years.

Employee Share Ownership Plan

The company sponsors the Invesco Employee Share Ownership Plan (ESOP) for certain of its U.S.-based employees. The ESOP was a leveraged employee stock ownership retirement plan designed to invest primarily in company shares. The plan was closed to further participants effective January 1, 2000, and no contributions were made into this plan after this date. All shares held by the ESOP have been allocated to employee accounts.

Adoption of FAS 123(R)

As a result of adopting FAS 123(R) on January 1, 2006, the company's income before income taxes and minority interest and net income for the year ended December 31, 2006, are \$63.8 million and \$42.0 million lower, respectively, than if it had continued to account for share-based compensation under APB 25. Basic and diluted earnings per share for the year ended December 31, 2006, are \$0.10 lower than if the company continued to account for share-based compensation under APB 25.

Prior to adoption of FAS 123(R), the company presented all tax benefits of deductions resulting from the exercise of share options as operating activities in the Consolidated Statements of Cash Flows. FAS 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing activities. The \$12.3 million excess tax benefit classified as a financing activity in 2006 would have been classified as an operating activity if the company had not adopted FAS 123(R).

The following table illustrates the effect of the change from applying the APB 25 option of FAS 123 to applying FAS 123(R) in 2006 on income before income taxes and minority interest, net income, net cash provided by operating activities, net cash used in financing activities and earnings per share:

	2006			
	Income before income taxes and minority interest	Net income	Net cash provided by operating activities	Net cash used in financing activities
\$ in millions, except earnings per share				
As reported	1,034.3	482.7	455.9	(163.1)
Add: Total share-based compensation expense determined under FAS 123(R) for all awards, net of related tax effects of \$47.4 million	140.6	93.2	(5.6)	(12.3)
Deduct: Share-based compensation expense calculated under APB 25, net of related tax effects of \$25.6 million	(76.8)	(51.2)	—	—
Pro forma amounts	1,098.1	524.7	450.3	(175.4)
Earnings per share:				
Basic — as reported				\$1.22
Basic — pro forma				\$1.32
Diluted — as reported				\$1.19
Diluted — pro forma				\$1.29

19. OPERATING LEASES

The company leases office space in the majority of its locations of business under non-cancelable operating leases. Sponsorship and naming rights commitments relate to Invesco Field at Mile High, a sports stadium in Denver, Colorado. These leases and commitments expire on varying dates through 2022. Certain leases provide for renewal options and contain escalation clauses providing for increased rent based upon maintenance, utility and tax increases.

As of December 31, 2008, the company's total future commitments by year under non-cancelable operating leases are as follows:

\$ in millions	Total	Buildings	Sponsorship and Naming Rights	Other
2009	56.6	48.2	6.0	2.4
2010	51.2	43.0	6.0	2.2
2011	45.4	37.4	6.0	2.0
2012	43.6	35.6	6.0	2.0
2013	42.6	34.7	6.0	1.9
Thereafter	239.5	191.8	45.5	2.2
Gross lease commitments	478.9	390.7	75.5	12.7
Less: future minimum payments expected to be received under non-cancelable subleases	98.4	98.4	—	—
Net lease commitments	380.5	292.3	75.5	12.7

The company recognized \$49.3 million, \$57.7 million, and \$46.6 million in operating lease expenses in the Consolidated Statements of Income in 2008, 2007 and 2006, respectively. These expenses are net of \$6.3 million, \$1.6 million and \$1.8 million of sublease income in 2008, 2007 and 2006, respectively.

20. 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 cost charged to the Consolidated Statements of Income for the year ended December 31, 2008, of \$44.3 million (2007: \$44.3 million; 2006: \$38.1 million) represents contributions paid or payable to these plans by the company at rates specified in the rules of the plans. As of December 31, 2008, accrued contributions of \$21.0 million (2007: \$21.2 million) for the current year will be paid to the plans when due.

Defined Benefit Plans

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were valued as of December 31, 2008. The benefit obligation, related current service cost and prior service cost were measured using the projected unit credit method.

Obligations and Funded Status

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

\$ in millions	Retirement Plans		Medical Plan	
	2008	2007	2008	2007
Benefit obligation	(271.2)	(381.0)	(46.8)	(47.7)
Fair value of plan assets	224.6	341.3	6.3	7.6
Funded status	(46.6)	(39.7)	(40.5)	(40.1)
Amounts recognized in the Consolidated Balance Sheets:				
Non-current assets	1.1	1.6	—	—
Current liabilities	(1.0)	(3.2)	(2.2)	(0.7)
Non-current liabilities	(46.7)	(38.1)	(38.3)	(39.4)
Funded status	(46.6)	(39.7)	(40.5)	(40.1)

Changes in the benefit obligations were as follows:

\$ in millions	Retirement Plans		Medical Plan	
	2008	2007	2008	2007
January 1	381.0	378.7	47.7	44.6
Service cost	6.3	7.5	0.4	0.1
Interest cost	20.8	19.3	2.5	2.6
Contributions from plan participants	0.1	—	0.7	0.7
Actuarial (gains)/losses	(43.8)	(19.7)	(2.7)	2.1
Exchange difference	(83.3)	4.3	—	—
Benefits paid	(9.9)	(9.0)	(1.8)	(2.4)
Plan amendments	—	0.2	—	—
Settlement and other	—	(0.3)	—	—
December 31	271.2	381.0	46.8	47.7

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, 2008, and 2007 are:

	Retirement Plans		Medical Plan	
	2008	2007	2008	2007
Discount rate	5.84%	5.73%	6.10%	5.75%
Expected rate of salary increases	3.09%	5.82%	4.50%	4.50%
Future pension/medical cost trend rate increases	2.88%	3.28%	5.00%-8.00%	5.50%-9.00%

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

\$ in millions	Retirement Plans		Medical Plan	
	2008	2007	2008	2007
January 1	341.3	329.5	7.6	7.3
Actual return on plan assets	(44.2)	10.1	(1.4)	0.5
Exchange difference	(69.5)	3.4	—	—
Contributions from the company	6.9	7.6	—	—
Contributions from plan participants	—	—	0.3	0.4
Benefits paid	(9.9)	(9.0)	(0.2)	(0.6)
Settlement and other	—	(0.3)	—	—
December 31	224.6	341.3	6.3	7.6

The components of the amount recognized in accumulated other comprehensive income at December 31, 2008, and 2007 are as follows:

\$ in millions	Retirement Plans		Medical Plan	
	2008	2007	2008	2007
Prior service cost/(credit)	0.2	0.4	(18.0)	(19.9)
Transition obligation	(0.2)	(0.1)	—	—
Net actuarial loss/(gain)	59.4	55.4	18.0	23.3
	<u>59.4</u>	<u>55.7</u>	<u>—</u>	<u>3.4</u>

The amounts in accumulated other comprehensive income expected to be amortized into net periodic benefit cost during the year ending December 31, 2009 are as follows:

\$ in millions	Retirement Plans	Medical Plan
Prior service cost/(credit)	—	(2.0)
Net actuarial loss/(gain)	2.5	3.7
Total	<u>2.5</u>	<u>1.7</u>

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

\$ in millions	Retirement Plans	
	2008	2007
Plans with accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	(262.2)	(342.0)
Fair value of plan assets	214.1	327.4
Plans with projected benefit obligation in excess of plan assets:		
Projected benefit obligation	(262.2)	(368.7)
Fair value of plan assets	214.1	327.4

Components of 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		
	2008	2007	2006	2008	2007	2006
Service cost	(6.2)	(7.6)	(8.4)	(0.4)	(0.1)	(0.7)
Interest cost	(20.8)	(19.3)	(16.1)	(2.5)	(2.6)	(2.5)
Expected return on plan assets	22.1	22.6	19.0	0.4	0.4	0.5
Amortization of prior service cost/(credit)	—	—	—	2.0	2.0	1.8
Amortization of net actuarial gain/(loss)	(1.4)	(1.9)	(3.0)	(4.3)	(4.6)	(4.5)
Settlement	—	(0.1)	(0.1)	—	—	—
Net periodic benefit cost	<u>(6.3)</u>	<u>(6.3)</u>	<u>(8.6)</u>	<u>(4.8)</u>	<u>(4.9)</u>	<u>(5.4)</u>

Assumptions

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2008, 2007 and 2006 are:

	Retirement Plans		
	2008	2007	2006
Discount rate	5.73%	5.10%	4.61%
Expected return on plan assets	6.93%	6.74%	6.84%
Expected rate of salary increases	5.82%	5.41%	4.82%
Future pension rate increases	3.28%	2.86%	2.75%

	Medical Plan		
	2008	2007	2006
Discount rate	5.75%	5.75%	5.75%
Expected return on plan assets	7.00%	7.00%	7.00%
Expected rate of salary increases	4.50%	4.50%	4.50%
Future medical cost trend rate increases	5.50%-9.00%	5.50%-9.00%	5.50%-9.00%

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		
	2008	2007	2006
Health care cost trend rate assumed for next year	8.0%	9.0%	9.0%
Rate to which cost trend rate gradually declines	5.0%	5.5%	5.5%
Year the rate reaches level it is assumed to remain thereafter	2014	2011	2010

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	0.4	(0.4)
Effect on defined benefit obligation	6.3	(5.3)

Plan Assets

The analysis of the plan assets at the balance sheet date was as follows:

\$ in millions	Retirement Plans			Medical Plan		
	2008	% Fair Value of Plan Assets	2007	2008	% Fair Value of Plan Assets	2007
Equity instruments	121.9	54.3	222.4	3.0	47.6	3.5
Debt instruments	84.3	37.5	97.3	3.1	49.2	3.8
Other assets	18.4	8.2	21.6	0.2	3.2	0.3
	224.6	100.0	341.3	6.3	100.0	7.6

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.

Certain plan assets are invested in affiliated funds. Plan assets are not held in company stock.

Cash Flows

The estimated amounts of contributions expected to be paid to the plans during 2009 is \$6.3 million for retirement plans, with no expected contribution to 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:		
2009	5.2	2.2
2010	5.7	2.4
2011	6.2	2.5
2012	6.7	2.7
2013	7.2	2.8
Thereafter in the succeeding five years	43.2	16.0

21. OTHER COMMITMENTS AND CONTINGENCIES

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

The company has transactions with various private equity, real estate and other investment entities sponsored by the company for the investment of client assets in the normal course of business. Many of the company's investment products are structured as limited partnerships. The company's investment may take the form of the general partner or a limited partner, and the entities are structured such that each partner makes capital commitments that are to be drawn down over the life of the partnership as investment opportunities are identified. At December 31, 2008, the company's undrawn capital commitments were \$36.5 million (2007: \$60.2 million).

The volatility and valuation dislocations that occurred during 2007 in certain sectors of the fixed income market have generated some pricing issues in many areas of the market. As a result of these valuation dislocations, during the fourth quarter of 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 accredited investors. In December 2008, the agreements were amended to extend the term through June 30, 2009. As of December 31, 2008, the committed support under these agreements was \$43.0 million with an internal approval mechanism to increase the maximum possible support to \$64.5 million at the option of the company. The recorded fair value of the guarantees related to these agreements at December 31, 2008, was estimated to be \$5.5 million, which was recorded in other current liabilities on the Consolidated Balance Sheet at that date. No payments have been made under either agreement nor has Invesco realized any losses from the support agreements through the date of this Report. These trusts were not consolidated because the company was not determined to be the primary beneficiary under FIN 46R.

A subsidiary of the company has received an assessment from the Canada Revenue Agency (CRA) for goods and services tax (GST) related to various taxation periods from November 1999 to December 2003 in the amount of \$14.2 million related to GST on sales charges collected from investors upon the redemption of certain mutual funds. Management believes that the CRA's claims are unfounded and that this assessment is unlikely to stand, and accordingly no provision has been recorded in the Consolidated Financial Statements.

Acquisition Contingencies

Contingent consideration related to acquisitions includes the following:

- Earn-outs relating to the Invesco PowerShares acquisition. A contingent payment of up to \$500.0 million could be due in October 2011, five years after the date of acquisition, based on compound annual growth in management fees (as defined and adjusted pursuant to the acquisition agreement) from an assumed base of \$17.5 million at closing. The Year 5 management fees will be reduced by \$50.0 million, for purposes of the calculation, since the second contingent payment was earned. For a compound annual growth rate (CAGR) in Year 5 below 15%, no additional payment will be made. For a CAGR in Year 5 between 15% and 75%, \$5.0 million for each CAGR point above 15%, for a maximum payment of \$300.0 million for a 75% CAGR. For a CAGR in Year 5 between 75% and 100%, \$300.0 million, plus an additional \$8.0 million for each CAGR point above 75%, for a maximum total payment of \$500.0 million for a 100% CAGR.
- Earn-outs relating to the WL Ross acquisition. Contingent payments of up to \$55.0 million are due each year for the five years following the October 2006 date of acquisition based on the size and number of future fund launches. The maximum contingent payments of \$220.0 million would require annual fund launches to total \$4.0 billion. The first anniversary payment equaled \$44.8 million and was paid in October 2007. In May 2008, the purchase agreement was amended, resulting in semi-annual earn-out measurement dates (April 3 and October 3). The April 3, 2008 earn-out calculation resulted in an addition to goodwill and a non-interest bearing note payable to the sellers of \$40.1 million, which was paid on October 29, 2008, the same date on which the \$3.3 million earn-out amount calculated on the October 3 measurement date was paid.

Legal Contingencies

Following the industry-wide regulatory investigations, multiple lawsuits based on market timing allegations were filed against various parties affiliated with Invesco. These lawsuits were consolidated in the United States District Court for the District of Maryland, together with market timing lawsuits brought against affiliates of other mutual fund companies, and on September 29, 2004, three amended complaints were filed against company-affiliated parties: (1) a putative shareholder class action complaint brought on behalf of shareholders of AIM funds formerly advised by Invesco Funds Group, Inc.; (2) a derivative complaint purportedly brought on behalf of certain AIM funds and the shareholders of such funds; and (3) an ERISA complaint purportedly brought on behalf of participants in the company's 401(k) plan. The company and plaintiffs have reached settlements in principle of these lawsuits. The proposed settlements, which are subject to court approval, call for a payment by the company of \$9.8 million, recorded in general and administrative expenses in the Consolidated Statement of Income during the three months ended December 31, 2007, in exchange for dismissal with prejudice of all pending claims. In addition, under the terms of the proposed settlements, the company may incur certain costs in connection with providing notice of the proposed settlements to affected shareholders. Based on information currently available, it is not believed that any such incremental notice costs will have any material effect on the consolidated financial position or results of operations of the company.

The asset management industry also is subject to extensive levels of ongoing regulatory oversight and examination. In the United States and other jurisdictions in which the company operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to compliance with applicable laws and regulations. Additional lawsuits or regulatory enforcement actions arising out of these inquiries may in the future be filed against the company and related entities and individuals in the U.S. and other jurisdictions in which the company and its affiliates operate. Any material loss of investor and/or client confidence as a result of such inquiries and/or litigation could result in a significant decline in assets under management, which would have an adverse effect on the company's future financial results and its ability to grow its business.

In the normal course of its business, the company is subject to various litigation matters. Although there can be no assurances, at this time management believes, based on information currently available to it, that it is not probable that the ultimate outcome of any of these actions will have a material adverse effect on the consolidated financial condition or results of operations of the company.

22. GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Prior to the December 4, 2007, redomicile and relisting discussed in Note 1, INVESCO PLC (now known as Invesco Holding Company Limited), the Issuer, issued 4.5% \$300.0 million senior notes due 2009, 5.625% \$300.0 million senior notes due 2012, 5.375% \$350.0 million senior notes due 2013 and 5.375% \$200.0 million senior notes due 2014. These senior notes are fully and unconditionally guaranteed as to payment of principal, interest and any other amounts due thereon by Invesco Ltd. (the Parent), together with the following wholly owned subsidiaries: Invesco Aim Management Group, Inc., Invesco Aim Advisors, Inc., Invesco

North American Holdings, Inc., and Invesco Institutional (N.A.), Inc. (the Guarantors). The company's remaining consolidated subsidiaries do not guarantee this debt. The guarantees of each of the Guarantors are joint and several. Presented below are Consolidating Balance Sheets as of December 31, 2008, and December 31, 2007, Consolidating Statements of Income for the year ended December 31, 2008, 2007 and 2006, and Consolidating Statements of Cash Flows of the company for the year ended December 31, 2008, 2007 and 2006.

Condensed Consolidating Balance Sheets

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2008						
Assets held for policyholders	—	840.2	—	—	—	840.2
Other current assets	96.9	1,406.7	10.7	24.4	—	1,538.7
Total current assets	96.9	2,246.9	10.7	24.4	—	2,378.9
Goodwill	2,302.8	3,236.8	427.2	—	—	5,966.8
Investments in subsidiaries	718.2	2,201.7	4,081.3	5,658.5	(12,659.7)	—
Other non-current assets	94.4	1,305.6	11.2	—	—	1,411.2
Total assets	3,212.3	8,991.0	4,530.4	5,682.9	(12,659.7)	9,756.9
Policyholder payables	—	840.2	—	—	—	840.2
Other current liabilities	38.2	933.2	291.4	0.4	—	1,263.2
Total current liabilities	38.2	1,773.4	291.4	0.4	—	2,103.4
Intercompany balances	385.0	(768.7)	390.8	(7.1)	—	—
Non-current liabilities	33.2	162.1	862.0	—	—	1,057.3
Total liabilities	456.4	1,166.8	1,544.2	(6.7)	—	3,160.7
Minority interests in equity of consolidated entities	—	906.7	—	—	—	906.7
Total shareholders' equity	2,755.9	6,917.5	2,986.2	5,689.6	(12,659.7)	5,689.5
Total liabilities, minority interests and shareholders' equity	3,212.3	8,991.0	4,530.4	5,682.9	(12,659.7)	9,756.9

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2007						
Assets held for policyholders	—	1,898.0	—	—	—	1,898.0
Other current assets	109.4	2,133.5	16.1	11.6	—	2,270.6
Total current assets	109.4	4,031.5	16.1	11.6	—	4,168.6
Goodwill	2,302.8	4,040.2	505.0	—	—	6,848.0
Investments in subsidiaries	662.5	1,759.6	3,624.4	6,605.2	(12,651.7)	—
Other non-current assets	101.4	1,796.4	10.8	—	—	1,908.6
Total assets	3,176.1	11,627.7	4,156.3	6,616.8	(12,651.7)	12,925.2
Policyholder payables	—	1,898.0	—	—	—	1,898.0
Other current liabilities	427.8	1,305.4	4.3	5.4	—	1,742.9
Total current liabilities	427.8	3,203.4	4.3	5.4	—	3,640.9
Intercompany balances	121.2	218.3	(360.3)	20.8	—	—
Non-current liabilities	24.8	271.3	1,276.4	—	—	1,572.5
Total liabilities	573.8	3,693.0	920.4	26.2	—	5,213.4
Minority interests in equity of consolidated entities	—	1,121.2	—	—	—	1,121.2
Total shareholders' equity	2,602.3	6,813.5	3,235.9	6,590.6	(12,651.7)	6,590.6
Total liabilities, minority interests and shareholders' equity	3,176.1	11,627.7	4,156.3	6,616.8	(12,651.7)	12,925.2

Condensed Consolidating Statements of Income

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2008						
Total operating revenues	683.6	2,624.0	—	—	—	3,307.6
Total operating expenses	(512.5)	(2,020.7)	(9.5)	(17.1)	—	(2,559.8)
Operating income/(loss)	171.1	603.3	(9.5)	(17.1)	—	747.8
Equity in earnings of unconsolidated affiliates	73.9	135.9	256.7	505.8	(925.5)	46.8
Other income/(expense)	(6.5)	(48.4)	(75.7)	(7.0)	—	(137.6)
Income/(loss) before income taxes and minority interest	238.5	690.8	171.5	481.7	(925.5)	657.0
Income tax (provision)/benefit	(73.2)	(172.3)	9.5	—	—	(236.0)
Income before minority interest	165.3	518.5	181.0	481.7	(925.5)	421.0
Minority interest income of consolidated entities, net of tax	—	60.7	—	—	—	60.7
Net income	165.3	579.2	181.0	481.7	(925.5)	481.7

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2007						
Total operating revenues	772.3	3,106.6	—	—	—	3,878.9
Total operating expenses	(562.7)	(2,282.9)	(28.2)	(10.8)	—	(2,884.6)
Operating income/(loss)	209.6	823.7	(28.2)	(10.8)	—	994.3
Equity in earnings of unconsolidated affiliates	75.9	183.1	684.7	684.4	(1,580.0)	48.1
Other income/(expense)	(1.5)	214.4	(11.5)	—	—	201.4
Income/(loss) before income taxes and minority interest	284.0	1,221.2	645.0	673.6	(1,580.0)	1,243.8
Income tax (provision)/benefit	(71.6)	(293.2)	7.5	—	—	(357.3)
Income before minority interest	212.4	928.0	652.5	673.6	(1,580.0)	886.5
Minority interest income of consolidated entities, net of tax	—	(212.9)	—	—	—	(212.9)
Net income	212.4	715.1	652.5	673.6	(1,580.0)	673.6

\$ in millions	Guarantors	Non-Guarantors	Parent and Issuer*	Eliminations	Consolidated
2006					
Total operating revenues	769.0	2,477.7	—	—	3,246.7
Total operating expenses	(540.5)	(1,928.3)	(18.7)	—	(2,487.5)
Operating income/(loss)	228.5	549.4	(18.7)	—	759.2
Equity in earnings of unconsolidated affiliates	60.9	147.3	481.6	(685.5)	4.3
Other income/(expense)	(4.3)	262.8	12.3	—	270.8
Income/(loss) before income taxes and minority interest	285.1	959.5	475.2	(685.5)	1,034.3
Income tax (provision)/benefit	(79.8)	(182.3)	7.5	—	(254.6)
Income before minority interest	205.3	777.2	482.7	(685.5)	779.7
Minority interest income of consolidated entities, net of tax	—	(297.0)	—	—	(297.0)
Net income	205.3	480.2	482.7	(685.5)	482.7

* Prior to December 4, 2007, the Parent entity, INVESCO PLC, was also the issuer of the debt.

Condensed Consolidating Statements of Cash Flows

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2008						
Net cash provided by operating activities	130.3	409.8	77.1	524.0	(645.5)	495.7
Net cash (used in)/provided by investing activities	(130.5)	106.4	102.8	(44.5)	(102.8)	(68.6)
Net cash used in financing activities	—	(747.4)	(182.0)	(485.3)	748.3	(666.4)
Decrease in cash and cash equivalents	(0.2)	(231.2)	(2.1)	(5.8)	—	(239.3)

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2007						
Net cash provided by operating activities	14.6	469.9	418.0	92.7	(81.5)	913.7
Net cash (used in)/provided by investing activities	(9.1)	(33.6)	203.0	—	(206.7)	(46.4)
Net cash used in financing activities	—	(296.3)	(646.0)	(86.7)	288.2	(740.8)
Increase/(decrease) in cash and cash equivalents	5.5	140.0	(25.0)	6.0	—	126.5

\$ in millions	Guarantors	Non-Guarantors	Parent and Issuer*	Eliminations	Consolidated
2006					
Net cash provided by operating activities	124.5	362.1	34.5	(65.2)	455.9
Net cash (used in)/provided by investing activities	(134.8)	(132.4)	8.5	—	(258.7)
Net cash (used in)/ provided by financing activities	0.5	(214.7)	(14.1)	65.2	(163.1)
Increase/(decrease) in cash and cash equivalents	(9.8)	15.0	28.9	—	34.1

* Prior to December 4, 2007, the Parent entity, INVESCO PLC, was also the issuer of the debt.

23. SUBSEQUENT EVENT

On January 29, 2009, the company declared a fourth quarter 2008 dividend of \$0.10 per share, payable on March 11, 2009, to shareholders of record at the close of business on February 25, 2009.

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

N/A

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2008. 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 our evaluation, our chief executive officer and chief financial officer concluded that our 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 Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Our independent auditors, Ernst & Young LLP, have issued an audit report on the effectiveness of our internal control over financial reporting. This report appears in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Invesco has filed the certification of its Chief Financial Officer with the New York Stock Exchange ("NYSE") as required pursuant to Section 303A.12 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, 2008, and is incorporated by reference in this Report.

The following is a list of individuals serving as executive officers of the company as of the date hereof. All company executive officers are elected annually and serve at the discretion of the company's Board of Directors or Chief Executive Officer.

Note: Country listed denotes citizenship.

Martin L. Flanagan, CFA, CPA (48) President and Chief Executive Officer of Invesco Ltd. (U.S.A.)

Martin L. Flanagan has been a director and president and chief executive officer of Invesco since August 2005. He is also a trustee of the AIM Family of Funds. Mr. Flanagan joined Invesco from Franklin Resources, Inc., where he was president and co-chief executive officer from January 2004 to July 2005. Previously he had been Franklin's co-president from May 2003 to January 2004, chief operating officer and chief financial officer from November 1999 to May 2003, and senior vice president and chief financial officer from 1993 until November 1999. Mr. Flanagan served as director, executive vice president and chief operating officer of Templeton, Galbraith & Hansberger, Ltd. before its acquisition by Franklin in 1992. Before joining Templeton in 1983, he worked with Arthur Andersen & Co. Mr. Flanagan received a B.A. and BBA from Southern Methodist University (SMU). He is a CFA charter holder and a certified public accountant. He is vice chairman of the Investment Company Institute. He also serves as a member of the executive board at the SMU Cox School of Business and a member of the Board of Councilors of the Carter Center in Atlanta.

G. Mark Armour (55) Senior Managing Director and Head of Worldwide Institutional (Australia)

Mark Armour has served as senior managing director and head of Invesco's Worldwide Institutional business since January 2007. Previously, Mr. Armour served as head of sales and service for the institutional business. He was chief executive officer of Invesco Australia from September 2002 to July 2006. Prior to joining Invesco, Mr. Armour held significant leadership roles in the funds management business in both Australia and Hong Kong. He previously served as chief investment officer for ANZ Investments and spent almost 20 years with the National Mutual/AXA Australia Group, where he was chief executive, Funds Management, from 1998 to 2000. Mr. Armour received a bachelor of economics (honors) from La Trobe University in Melbourne, Australia.

Kevin M. Carome (52) Senior Managing Director and General Counsel (U.S.A.)

Kevin Carome has served as general counsel of our company since January 2006. Previously, he was senior vice president and general counsel of Invesco AIM from 2003 to 2005. Prior to joining Invesco, Mr. Carome worked with Liberty Financial Companies, Inc. (LFC) in Boston where he was senior vice president and general counsel from August 2000 through December 2001. He joined LFC in 1993 as associate general counsel and, from 1998 through 2000, was general counsel of certain of its investment management subsidiaries. Mr. Carome began his career as an associate at Ropes & Gray in Boston. He received a B.S. in political science and a J.D. from Boston College.

Andrew T. S. Lo (48) Senior Managing Director and Head of Invesco Asia Pacific (China)

Andrew Lo has served as head of Invesco Asia Pacific since February 2001. He joined our company as managing director for Invesco Asia in 1994. Mr. Lo began his career as a credit analyst at Chase Manhattan Bank in 1984. He became vice president of the investment management group at Citicorp in 1988 and was managing director of Capital House Asia from 1990 to 1994. Mr. Lo was chairman of the Hong Kong Investment Funds Association from 1996 to 1997 and a member of the Council to the Stock Exchange of Hong Kong and the Advisory Committee to the Securities and Futures Commission in Hong Kong from 1997 to 2001. He received a B.S. and an MBA from Babson College in the U.S.

Colin D. Meadows (38) Senior Managing Director and Chief Administrative Officer (U.S.A.)

Colin Meadows has served as chief administrative officer of Invesco since May 2006 with responsibility for business strategy, human resources, and communications. In September 2008 he expanded his role with responsibilities for operations and technology. Mr. Meadows came to Invesco from GE Consumer Finance where he was senior vice president of business development and mergers and acquisitions. Prior to that role, he served as senior vice president of strategic planning and technology at Wells Fargo Bank. From 1996-2003, Mr. Meadows was an associate principal with McKinsey & Company, focusing on the financial services and venture capital industries, with an emphasis in the banking and asset management sectors. Mr. Meadows received a B.A. cum laude in economics and English literature from Andrews University and a J.D. from Harvard Law School.

James I. Robertson (51) Senior Managing Director and Head of Invesco Perpetual and Continental Europe; Director (U.K.)

James Robertson has served as a member of the Board of Directors of our company since April 2004. He is currently head of Invesco Perpetual with additional responsibility for Continental Europe. He was head of Operations and Technology from 2006 to September 2008. He was chief financial officer from April 2004 to October 2005. Mr. Robertson joined our company as director of finance and corporate development for Invesco's Global division in 1993 and repeated this role for the Pacific division in 1995. Mr. Robertson became managing director of global strategic planning in 1996 and served as chief executive officer of AMVESCAP Group Services, Inc. from 2001 to 2005. He holds an M.A. from Cambridge University and is a Chartered Accountant.

Loren M. Starr (47) Senior Managing Director and Chief Financial Officer (U.S.A.)

Loren Starr has served as senior managing director and chief financial officer of our company since October 2005. Previously, he served from 2001 to 2005 as senior vice president and chief financial officer of Janus Capital Group Inc., after working as head of corporate finance from 1998 to 2001 at Putnam Investments. Prior to these positions, Mr. Starr held senior corporate finance roles with Lehman Brothers and Morgan Stanley & Co. He received a B.A. in chemistry and B.S. in industrial engineering, summa cum laude, from Columbia University, as well as an MBA, also from Columbia, and M.S. in operations research from Carnegie Mellon University. Mr. Starr is a certified treasury professional. He serves as director and is past chairman of the Association for Financial Professionals.

Philip A. Taylor (54) Senior Managing Director and Head of North American Retail (Canada)

Philip Taylor became head of Invesco's North American Retail business in April 2006. He had previously served as head of Invesco Trimark since January 2002. He joined Invesco Trimark in 1999 as senior vice president of operations and client services and later became executive vice president and chief operating officer. Mr. Taylor was president of Canadian retail broker Investors Group Securities from 1994 to 1997 and managing partner of Meridian Securities, an execution and clearing broker, from 1989 to 1994. He held various management positions with Royal Trust, now part of Royal Bank of Canada, from 1982 to 1989. Mr. Taylor began his career in consumer brand management in the U.S. and Canada with Richardson-Vicks, now part of Procter & Gamble. He received a Bachelor of Commerce (honors) degree from Carleton University and an MBA from the Schulich School of Business at York University. Mr. Taylor is a member of the Dean's Advisory council of the Schulich School of Business and past chair of the Toronto Symphony Orchestra.

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, 2008, and is incorporated by reference in this Report.

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, 2008, and is incorporated by reference in this Report.

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, 2008, and is incorporated by reference in this Report.

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, 2008, and is incorporated by reference in this Report.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

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

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

Exhibit Index

- 3.1 Memorandum of Association of Invesco Ltd., incorporating amendments up to and including December 4, 2007, incorporated by reference to exhibit 3.1 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
- 3.2 Amended and Restated Bye-Laws of Invesco Ltd., incorporating amendments up to and including December 4, 2007, incorporated by reference to exhibit 3.2 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
- 4.1 Specimen Certificate for Common Shares of Invesco Ltd., incorporated by reference to exhibit 4.1 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 12, 2007
- 4.2 Indenture, dated as of February 27, 2003, for AMVESCAP’s 5.375% Senior Notes Due 2013, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.12 to AMVESCAP’s Annual Report on Form 20-F for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003
- 4.3 Indenture, dated as of December 14, 2004, for AMVESCAP’s 4.500% Senior Notes due 2009 among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.10 to AMVESCAP’s Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005
- 4.4 Indenture, dated as of December 14, 2004, for AMVESCAP’s 5.375% Senior Notes due 2014, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.11 to AMVESCAP’s Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005
- 4.5 Indenture, dated as of April 11, 2007, for AMVESCAP’s 5.625% Senior Notes Due 2012, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and The Bank of New York Trust Company, N.A., incorporated by reference to exhibit 99.1 to AMVESCAP’s Report on Form 6-K, filed with the Securities and Exchange Commission on April 18, 2007
- 4.6 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.1 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.7 Supplemental Indenture No. 2, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and The Bank of New York Trust Company, N.A., incorporated by reference to exhibit 4.2 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007

- 4.8 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.3 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.9 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.4 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.10 Guarantee, dated February 27, 2003, with respect to AMVESCAP's 5.375% Senior Notes Due 2013, made by A I M Management Group Inc., A I M Advisors, Inc., INVESCO Institutional (N.A.), Inc. and INVESCO North American Holdings, Inc., incorporated by reference to exhibit 4.20 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003
- 10.1 Amended and Restated Five Year Credit Agreement, dated as of December 3, 2007, among INVESCO 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, incorporated by reference to exhibit 10.1 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
- 10.2 Third Amended and Restated Purchase and Sale Agreement, dated as of August 18, 2003, among Citibank, N.A., Citicorp North America, Inc., A I M Management Group Inc., A I M Distributors, Inc., A I M Advisors, Inc. and Invesco Funds Group, Inc., incorporated by reference to exhibit 10.2 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.3 Amendment No. 4 to Facility Documents, dated as of August 24, 2001 among A I M Management Group Inc., A I M Advisors, Inc., A I M Distributors, Inc., Citibank, N.A., Bankers Trust Company and Citicorp North America, Inc., incorporated by reference to exhibit 4.4 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2001, filed with the Securities and Exchange Commission on April 4, 2002
- 10.4 Amendment No. 5 to Facility Documents, dated as of August 18, 2003, among Invesco Funds Group, Inc., A I M Management Group Inc., A I M Advisors, Inc., A I M Distributors, Inc., Citibank, N.A., Citicorp North America, Inc. and Deutsche Bank Trust Company Americas, incorporated by reference to exhibit 10.4 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.5 Global Stock Plan, as amended and restated as of as of December 10, 2008
- 10.6 Invesco Ltd. 2008 Global Equity Incentive Plan, as amended and restated effective February 1, 2009
- 10.7 Invesco Ltd. Executive Incentive Bonus Plan, as amended and restated effective January 1, 2009
- 10.8 Invesco Ltd. Amended and Restated 2005 Non-Qualified Deferred Compensation Plan, effective as of January 1, 2009
- 10.9 No. 3 Executive Share Option Scheme, as revised as of August 2006, incorporated by reference to exhibit 10.6 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.10 2000 Share Option Plan, as revised as of January 26, 2005, incorporated by reference to exhibit 10.7 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008
- 10.11 Invesco ESOP, as amended and restated, generally effective as of February 1, 2005, incorporated by reference to exhibit 10.8 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the Securities and

- 10.12 2003 Share Option Plan (Canada), dated June 2003, incorporated by reference to exhibit 10.10 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
- 10.13 Deferred Fees Share Plan, as amended and restated effective December 10, 2008
- 10.14 Rules of the AMVESCAP International Sharesave Plan, dated May 8, 1997, incorporated by reference to exhibit 10.12 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
- 10.15 Amended and Restated Master Employment Agreement, dated as of December 31, 2008, among Invesco Ltd., Invesco Holding Company Limited (f/k/a INVESCO PLC) and Martin L. Flanagan
- 10.16 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
- 10.17 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
- 10.18 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
- 16 Letter, dated January 17, 2008, from Ernst & Young LLP (U.K.) to the Commission, incorporated by reference to exhibit 16 to Invesco's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 18, 2008
- 21 List of Subsidiaries
- 23.1 Consent of Ernst & Young LLP, dated February 25, 2009
- 31.1 Certification of Martin L. Flanagan pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Loren M. Starr pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Martin L. Flanagan pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Loren M. Starr pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

Invesco Ltd.

By:	<u>/s/ Martin L. Flanagan</u>
Name:	Martin L. Flanagan
Title:	President and Chief Executive Officer

Date: February 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

Name	Title	Date
/s/ Martin L. Flanagan Martin L. Flanagan	Chief Executive Officer (Principal Executive Officer) and President; Director	February 27, 2009
/s/ Loren M. Starr Loren M. Starr	Senior Managing Director and Chief Financial Officer (Principal Financial Officer)	February 27, 2009
/s/ David A. Hartley David A. Hartley	Chief Accounting Officer (Principal Accounting Officer)	February 27, 2009
/s/ Rex D. Adams Rex D. Adams	Chairman and Director	February 27, 2009
/s/ Sir John Banham Sir John Banham	Director	February 27, 2009
/s/ Joseph R. Canion Joseph R. Canion	Director	February 27, 2009
/s/ Ben F. Johnson, III Ben F. Johnson, III	Director	February 27, 2009
/s/ Denis Kessler Denis Kessler	Director	February 27, 2009
/s/ Edward P. Lawrence Edward P. Lawrence	Director	February 27, 2009
/s/ J. Thomas Presby J. Thomas Presby	Director	February 27, 2009
/s/ James I. Robertson James I. Robertson	Director	February 27, 2009

INVESCO GLOBAL STOCK PLAN

Assumed by Invesco Ltd. on November 30, 2007

Amended and Restated as of December 10, 2008

INVESCO GLOBAL STOCK PLAN

ARTICLE I PURPOSES OF THE PLAN

The main purposes of the Invesco Global Stock Plan are (i) to provide additional incentives to employees, including directors who are also employees, of Invesco Ltd. and its Subsidiaries in the form of contingent awards of common shares of Invesco Ltd., (ii) to seek to retain such Participants by making a portion of their compensation contingent upon the satisfaction of certain vesting requirements, and (iii) to enhance a long-term mutuality of interest between Participants and shareholders of the Company.

ARTICLE II DEFINITIONS

As used in the Plan, the terms set forth below shall have the meanings indicated unless the context clearly indicates to the contrary. Where the context so admits or requires, the singular shall include the plural and the masculine shall include the feminine and vice versa.

Account. "Account" shall mean a book account which may be maintained by a Participant's employer (the Company or a Subsidiary, as the case may be) reflecting the Shares, cash and other property, together with earnings and distributions thereon, credited to a Participant with respect to his Deferred Share Award(s) pursuant to Section 6.2(a).

Average Cost Per Share. "Average Cost Per Share," with respect to a Deferred Share Award and any crediting or reinvestment of amounts pursuant to Section 6.2(a), as the case may be (" Reinvestment "), shall mean the average cost per share purchased with respect to such Award or Reinvestment, as the case may be, as determined in any reasonable manner by the Plan Administration Committee

Award Certificate. "Award Certificate" shall mean a written instrument which evidences a Share Award and includes such provisions governing such Share Award, not inconsistent with the Plan, as may be specified by the Plan Administration Committee.

Award Date. "Award Date" shall mean, with respect to a Share Award, the date specified by the Plan Administration Committee with respect to the grant of such Share Award.

Beneficiary. "Beneficiary" shall mean the person or persons determined to be a Participant's beneficiary pursuant to Section 9.3.

Board of Directors. "Board of Directors" shall mean the Board of Directors of the Company.

Cause. "Cause" shall mean, when used in connection with the termination of a Participant's employment, the termination of the Participant's employment by the Company or a Subsidiary on account of (i) the willful violation by the Participant of (x) any law, (y) any rule of the Company or such Subsidiary or (z) any rule or regulation of any regulatory body to which the Company or such Subsidiary is subject, including, without limitation, The Stock Exchange or any other exchange or contract market of which the Company or such Subsidiary is a member, which violation would materially reflect on the Participant's character, competence or integrity, (ii) a breach by a Participant of the Participant's duty of loyalty to the Company and/or its Subsidiaries in contemplation of the Participant's termination of employment with the Company or a Subsidiary, such as the Participant's solicitation of customers or employees of the Company or any Subsidiary prior to the

termination of his employment or (iii) the Participant's unauthorized removal from the premises of the Company or a Subsidiary of any records, files, memoranda, data in machine readable form, reports, fee lists, customer lists, drawings, plans, sketches, or other documents (in any medium or form) relating to the business of the Company or a Subsidiary or the customers of the Company or a Subsidiary, including, but not limited to, all intellectual property and proprietary research which the Participant uses, develops or comes in contact with in the course of or as the result of his employment with the Company or a Subsidiary, as the case may be. Any rights the Company or a Subsidiary may have hereunder in respect of the events giving rise to Cause shall be in addition to the rights the Company or such Subsidiary may have under any other agreement with the employee or at law or in equity. If, subsequent to a Participant's voluntary termination of employment or involuntary termination of employment without Cause, it is discovered that the Participant's employment could have been terminated for Cause, such Participant's employment shall, at the election of the Plan Administration Committee in its sole discretion, be deemed for the purposes of this Plan to have been terminated for Cause.

Change in Control. "Change in Control" shall mean (x) with respect to the Company, the occurrence of any of the following events:

- (i) a) the effective time of the merger or other business combination of the Company with or into another corporation, and with respect to the surviving public company, a majority of the directors of which were not directors of the Company immediately prior to such merger or combination and in which the stockholders of the Company immediately prior to the effective date of such merger or combination directly or indirectly own less than a majority of the voting power in such corporation, or (b) consummation of the direct or indirect sale or other disposition of all or substantially all of the assets of the Company;
- (ii) a) the acquisition by purchase, subscription or otherwise (including pursuant to a reconstruction or scheme of arrangement) by any person (or persons acting together, meaning persons party to an agreement to which section 204 of the Companies Act or other equivalent legislation applying to the Company applies) of 20 percent or more of the relevant share capital of the Company (or any successor company to which all or the majority of the assets of the Company are transferred pursuant to any such reconstruction or scheme of arrangement); (b) the giving of notice of any general meeting of the Company at which a resolution will be proposed for the winding-up of the Company; (c) if under section 425 of the Companies Act or other equivalent legislation applying to the Company, the Court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or (d) any scheme of arrangement involving the reconstruction of the Company or the amalgamation of the Company with any other entity that is approved by the holders of Shares;
- (iii) any person obtains Control of the Company as a result of making an offer to acquire Shares which is either unconditional or is made on a condition such that, if it is satisfied, the person making the offer will have Control of the Company; or
- (iv) a change in the composition of the Board of Directors such that individuals who, as of December 1, 2002, constituted the Board of Directors (generally the "Directors" and as of November 30, 2004, the "Continuing Directors") cease for any reason to constitute at least a majority thereof, provided that any person becoming a Director subsequent to November 30, 2004, whose nomination for election was approved by a vote of at least a majority of the Continuing Directors (other than a nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest

relating to the election of the Directors) shall be deemed to be a Continuing Director; and

(y) with respect to a Subsidiary, the consummation of the sale of the capital stock or all or substantially all of the assets of such Subsidiary to a third party that is not affiliated with the Company or any Subsidiary, or the effective time of the merger or other business combination of such Subsidiary with or into, a third party that is not affiliated with the Company or any Subsidiary.

For the purpose of clause (x)(iii) above, (A) a person shall be deemed to have obtained "Control of the Company" if he and others acting in concert with him have together obtained Control of it and (B) "Control" shall mean, in relation to the Company, the power of a person to secure that the affairs of the Company are conducted in accordance with the wishes of that person by means of the holding of shares or the possession of voting power in or in relation to the Company or by virtue of any powers conferred by the articles of association of the Company.

Code. "Code" shall mean the United States of America Internal Revenue Code of 1986, as amended from time to time.

Companies Act. "Companies Act" shall mean the Companies Act 1985 of Great Britain, as amended from time to time.

Company. "Company" shall mean Invesco Ltd., a company incorporated in Bermuda, and any successor corporation which continues the Plan pursuant to Section 9.10.

Compensation Committee. "Compensation Committee" shall mean the duly appointed Compensation Committee, or any successor thereto, of the Board of Directors; provided that, in the event that the Compensation Committee is comprised of less than a majority of United States persons within the meaning of Section 7701 (a)(30) of the Code, all powers of the Compensation Committee described herein shall be exercised by a majority of those members of the Compensation Committee who are United States persons within the meaning of Section 7701 (a)(30) of the Code.

Controlling Company. "Controlling Company," with respect to any Participant, shall mean an entity which is party to a transaction or series of transactions resulting in a Change in Control, or is a parent, subsidiary, or affiliate of such an entity, and which becomes the employer of the Participant as a result of such Change in Control.

Deferred Share Award. "Deferred Share Award" shall mean an award issued pursuant to this Plan which represents the right to receive Shares, cash or other property (or a combination of the foregoing) upon the satisfaction of vesting and other conditions determined by the Plan Administration Committee.

Disability. "Disability" shall mean any physical or mental condition that would qualify a Participant for a disability benefit under the long-term disability plan maintained by the Company or a Subsidiary under which the Participant is covered.

ERISA. "ERISA" shall mean the United States of America Employee Retirement Income Security Act of 1974, as amended from time to time.

Exchange Act. "Exchange Act" shall mean the United States of America Securities Exchange Act of 1934, as amended from time to time.

Good Reason. "Good Reason" shall mean a material reduction in a Participant's cash compensation, or a material reduction in a Participant's responsibilities or position,

with the Company and its Subsidiaries (or the Controlling Company and its subsidiaries, as the case may be) following a Change in Control.

Investment Company Act. "Investment Company Act" shall mean the United States of America Investment Company Act of 1940, as amended from time to time.

Participant. "Participant" shall mean a person who, as an employee (or director who is also an employee) of the Company or any Subsidiary, has been granted a Share Award under the Plan and which Share Award remains outstanding; provided that in the case of the death of a Participant, the term "Participant" refers to a beneficiary designated pursuant to Section 9.3 or the legal guardian or other legal representative acting in a fiduciary capacity on behalf of the Participant under applicable state law and court supervision.

Plan. "Plan" shall mean the Invesco Global Stock Plan, as constituted by these rules, as qualified by the attached Appendices, and as amended from time to time.

Plan Administration Committee. "Plan Administration Committee" shall mean the plan, administration committee, or any successor committee, comprised of a majority of United States persons within the meaning of section 7701(a)(30) of the Code and appointed by the Compensation Committee from time to time to administer the Plan in accordance with the terms hereof and direct the Trustee and serving at the pleasure of the Compensation Committee.

Restricted Share Award. "Restricted Share Award" shall mean, with respect to each Participant, Shares awarded to such Participant under the Plan by the Plan Administration Committee pursuant to Section 6.1 that are subject to the restrictions contained in Section 6.3, so long as such restrictions are in effect.

Securities Act. "Securities Act" shall mean the United States of America Securities Act of 1933, as amended from time to time.

Share Award. "Share Award" shall mean any Deferred Share Award and any Restricted Share Award, in each case, granted pursuant to the Plan.

Shares. "Shares" shall mean the common shares of the Company, or any other shares and/or other property into which the common shares of the Company are converted pursuant to a stock split, reverse split, subdivision, reconstruction, amalgamation, scheme of arrangement, recapitalization, reorganization, merger, combination, consolidation, split-up or other similar corporate event.

Subsidiary. "Subsidiary" shall mean a corporation with respect to which the Company, directly or indirectly, has the power, whether through the ownership of voting securities, by contract or otherwise, to elect at least a majority of the members of such corporation's board of directors.

The Stock Exchange. "The Stock Exchange" shall mean the stock exchange on which Shares are listed from time to time.

Trust. "Trust" shall mean the grantor trust of the Company from time to time to which contributions are made in respect of the Plan and, in the case of any Subsidiary, the term "Trust" shall be limited to such Subsidiary's Sub-Trust as described in Section 1.3 of the Trust Agreement.

Trust Agreement. "Trust Agreement" shall mean the trust agreement between the Company and the Trustee as amended from time to time with respect to the Trust.

Trustee. "Trustee" shall mean the entity from time to time serving as trustee under the Trust Agreement.

ARTICLE III EFFECTIVE DATE AND TERM

Section 3.1 In General. The Plan was assumed as of November 30, 2007 by Invesco Ltd.. The Plan shall continue in effect, as amended from time to time, in accordance with its terms until terminated by the Compensation Committee or the Board of Directors. The Plan is a plan of the Company and a plan of each Subsidiary that is the employer of a Participant.

Section 3.2 Transition and Effect on Outstanding Awards. The purpose of this provision is to change the provisions of the Plan to comply with Section 409A of the Code with respect to Share Awards which become vested or non-forfeitable on or after December 31, 2004, and the Plan shall be so interpreted. Amounts deferred prior to December 31, 2004, and awards granted prior to November 30, 2004, shall continue to be governed by the terms of the Plan in effect prior to the third amendment and restatement of this Plan on November 30, 2004; provided, however, that no elective deferrals shall be permitted with respect to any awards which remained unvested or forfeitable as of December 31, 2004, and distributions with respect to such awards shall be made as soon as reasonably practicable following vesting and in no event later than such time as may be required to prevent the distribution from constituting the deferral of compensation for purposes of Code Section 409A.

ARTICLE IV ADMINISTRATION OF THE PLAN

Section 4.1 In General. Except as provided below, the Plan shall be administered by the Plan Administration Committee. The Plan Administration Committee shall have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt such rules and procedures for administering the Plan. The Plan Administration Committee also shall have full authority to prescribe the form of each Award Certificate and any other agreements or documents under the Plan, which need not be identical for each Participant, and to make all other decisions and determinations that maybe required under the Plan or as the Plan Administration Committee deems necessary or advisable to administer the Plan.

Notwithstanding anything to the contrary, the Compensation Committee shall have the exclusive power, authority and discretion to take all actions under the Plan with respect to "directors and senior management" of the Company, as such term is defined in the general instructions to Form 20-F promulgated under the Exchange Act, and with respect to Share Awards granted to such persons. The Compensation Committee also may reserve to itself any or all of the authority and responsibility of the Plan Administration Committee under the Plan or may act as administrator of the Plan for any and all purposes. To the extent the Compensation Committee (a) is acting with respect to "directors and senior management" of the Company, or with respect to a Share Award granted to such persons, or (b) has reserved any authority and responsibility or during any time that the Compensation Committee is acting as administrator of the Plan, it shall have all the powers of the Plan Administration Committee hereunder, and any reference herein to the Plan Administration Committee (other than in this Section 4.1) shall include the Compensation Committee. To the extent any action of the Compensation Committee under the Plan conflicts with actions taken by the Plan Administration Committee, the actions of the Compensation Committee shall control. Decisions of the Compensation Committee or the Plan Administration Committee, as the case may be, regarding any matter connected with the Plan shall be final and binding on all parties.

Section 4.2 Authority of the Plan Administration Committee. Except as provided in Section 4.1, the Plan Administration Committee has the exclusive power, authority and discretion to:

- (i) Grant Share Awards
- (ii) Designate Participants;
- (iii) Determine the type or types of Share Awards to be granted to each Participant;
- (iv) Determine the number of Share Awards to be granted and the number of Shares, cash, or other property to which a Share Award will relate;
- (v) Determine the terms and conditions of any Share Award granted under the Plan, including but not limited to, the ability to receive Restricted Shares in lieu of Deferred Shares, the ability to receive dividends or other distributions paid with respect to the Shares underlying such award, any restrictions or limitations on the Share Award, and any schedule for vesting or lapse of forfeiture restrictions (including any accelerations or waivers thereof), based in each case on such considerations as the Plan Administration Committee in its sole discretion determines;
- (vi) Accelerate the vesting or lapse of restrictions of any outstanding Share Award, in accordance with Section 6.1 (d), based in each case on such considerations as the Plan Administration Committee in its sole discretion determines;
- (vii) Determine whether, to what extent, and under what circumstances a Share Award may be cancelled, forfeited, or surrendered;
- (viii) Decide all other matters that must be determined in connection with a Share Award;
- (ix) Amend any Award Certificate as provided herein; and
- (x) Adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions' of the laws of non-U.S. jurisdictions in which the Company or any Subsidiary may operate, in order to assure the viability of the benefits of Share Awards granted to participants located in such other jurisdictions and to meet the objectives of the Plan.

Section 4.3 Award Certificates. Each Share Award shall be evidenced by an Award Certificate. Each Award Certificate shall include such provisions, not inconsistent with the Plan, as may be specified by the Plan Administration Committee.

Section 4.4 Indemnification. No member of the Plan Administration Committee or the Compensation Committee shall be liable for any action, omission or determination relating to the Plan, and the Company and the Subsidiaries shall indemnify and hold harmless each member of the Plan Administration Committee and the Compensation Committee, and each other director or employee of the Company or a Subsidiary to whom any duty or power relating to the administration or interpretation of the Plan has been delegated, against any cost, expense (including counsel fees, which fees shall be paid as incurred) or liability (including any sum paid in settlement of a claim with the approval of the Board of Directors) arising out of any action, omission or determination relating to the Plan, if such action, omission or determination was taken or made by such member, director or employee in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and the Subsidiaries, and with respect to any criminal action or proceeding, such member had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent

shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company and the Subsidiaries, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

ARTICLE V ELIGIBILITY

Section 5.1 In General. Share Awards may be granted to any employee, officer, or director who is also an employee of the Company or any Subsidiary selected by the Plan Administration Committee as a Participant in the Plan in accordance with the terms of the Plan and the rules and procedures established by the Plan Administration Committee. Non employee directors shall not be eligible to receive Share Awards under the Plan.

Section 5.2 Investment Company Act Limitation. With respect to any Participant, the Plan Administration Committee may, in its discretion, use its authority under Section 6.1(d) to accelerate the vesting of such Participant's Share Award(s) so that neither the Plan nor the Trust will be required to register as an investment company under the Investment Company Act.

ARTICLE VI SHARE AWARDS

(a) In General. The Plan Administration Committee may grant Share Awards to any Participant in such amounts and subject to such terms and conditions as may be selected by the Plan Administration Committee in its sole discretion. Each Share Award shall be evidenced by an Award Certificate setting forth the terms, conditions, and restrictions applicable to the Share Award. Each Participant who has been granted a Share Award shall receive a Deferred Share Award on the Award Date; provided that, the Plan Administration Committee may, in its sole discretion, provide in an Award Certificate that a Participant who has been granted a Deferred Share Award shall have the opportunity to elect to receive in lieu of such Deferred Share Award a Restricted Share Award for all of the Shares subject to such Deferred Share Award. Such Participant shall notify the Plan Administration Committee (or its delegate) of his election to receive a Restricted Share Award no later than the thirtieth day after the Award Date. If such Participant fails to respond prior to such date, the Participant shall be deemed to have made no election and shall retain the Deferred Share Award. Following such date, the Participant cannot elect to change the type of Share Award(s) so granted.

Each Participant's Share Award shall be subject to the terms of the Plan applicable to that type of Share Award, the applicable Award Certificate, the rules and procedures established by the Plan Administration Committee, and such additional terms as may be adopted from time to time applicable to particular jurisdictions. No Participant shall have any right to receive any Shares other than in accordance with the terms of the Plan applicable to the type of Share Award granted to such Participant, including any applicable additional terms.

(b) Issuance and Restrictions. Deferred Shares and Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Plan Administration Committee may impose. These restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, upon the satisfaction of performance goals or otherwise, as the Plan Administration Committee determines on the Award Date or thereafter.

(c) Forfeiture. Upon termination of a Participant's employment with the Company and its Subsidiaries during the applicable vesting or restriction period, or upon failure to satisfy a performance goal during the applicable vesting or restriction period, any Share Award(s) granted to such Participant which at that time have not vested or are subject to restrictions, as the case may be, shall be forfeited unless otherwise provided in the Award Certificate or determined by the Plan Administration Committee in its sole discretion. The date of a Participant's termination of employment shall be determined at the sole discretion of the Plan Administration Committee. Any Shares, cash or other property underlying forfeited Share Awards, including, if applicable, amounts credited to the Participant's Account with respect to such Share Awards, shall revert to the Trust and, unless otherwise determined by the Plan Administration Committee, shall be added to and allocated as part of subsequent Award (s) made under the Plan. Under no circumstances shall such Shares, cash or other property held in the Trust revert to the Company or any of its Subsidiaries; however such Shares, cash or other property shall be available to creditors of the Company or any Subsidiary in the event of the Company's or such Subsidiary's insolvency in accordance with the terms and conditions of Section 7.2 and the Trust Agreement.

(d) Acceleration of Vesting and Lapse of Restrictions. Notwithstanding the foregoing and unless otherwise determined by the Plan Administration Committee, any Share Award(s) of a Participant not previously forfeited shall immediately vest, and any restrictions thereon shall lapse, in the event of:

- (i) such Participant's termination of employment with the Company or a Subsidiary by reason of his death or Disability;
or
- (ii) the involuntary termination, other than for Cause, of such Participant's employment with the Company or any of its Subsidiaries following a Change in Control, unless the Participant is subsequently employed by the Company, any of its Subsidiaries, or the Controlling Company; or
- (iii) the Participant's resignation from employment with the Company or any of its Subsidiaries for Good Reason following a Change in Control, unless the Participant is subsequently employed by the Company, any of its Subsidiaries, or the Controlling Company; or
- (iv) in the event that the Participant is employed by the Company, any of its Subsidiaries, or the Controlling Company following a Change in Control, the involuntary termination, other than for Cause, of such Participant's employment with the Company, any of its Subsidiaries, or the Controlling Company or the Participant's resignation from employment with the Company, any of its Subsidiaries, or the Controlling Company for Good Reason.

In addition, the Plan Administration Committee may accelerate the vesting or lapse of restrictions of any Share Award at any time in its sole discretion.

Section 6.2 Deferred Share Awards.

(a) Accounts and Dividends. The Plan Administration Committee may, in its sole discretion, establish an Account comprised of one or more sub-accounts, each relating to a particular Deferred Share Award granted to a Participant and initially credited with the amount of such Deferred Share Award. To the extent required by the terms of a particular Deferred Share Award, each sub-account of the Participant's Account may be adjusted to reflect the earnings, distributions, dividends, gains and losses with respect to the Shares, cash and/or other property allocated to the sub-account for each Deferred Share Award. In the discretion of the Plan Administration Committee, such amounts may be credited in cash or reinvested to purchase additional Shares based upon the Average Cost Per Share, and such amounts or additional shares shall be subject to the same vesting and other restrictions to which such initial Deferred Share Award is subject.

(b) Distributions; In General . Subject to any applicable withholding obligations and Section 9.1, upon the vesting of a Deferred Share Award, the Plan Administration Committee shall direct the Company or the Trustee to deliver or cause to be delivered to the Participant the Shares, cash or other property subject to such Share Award including, if applicable, the amount credited to such Participant's Account in respect of the vested Deferred Share Award, as soon as reasonably practicable and in no event later than the 15th day of the third month of the year following the year in which the Deferred Share Award became vested.

(c) Termination of Trust or Court-Ordered Distribution . In the event that the Trust is terminated prior to the vesting of a Deferred Share Award or in the event that a court of competent jurisdiction finally determines that the Company or a Subsidiary is obligated to distribute to a Participant, Beneficiary or any other person any Shares underlying the Deferred Share Awards prior to the time of vesting otherwise provided for in the Award Certificate and Article VI, the Shares so distributed to such Participant, Beneficiary or other person shall, in the sole discretion of the Plan Administration Committee, be restricted as to transferability and shall be subject to forfeiture until the date that the Shares would otherwise have been vested under the terms of the Plan and the relevant Award Certificate had they not been distributed to the Participant, Beneficiary or other person and had remained subject to the Plan, and each stock certificate representing such Shares shall bear the legend provided for in Section 6.3(f). If the Shares are issued in uncertificated form, the Company shall instruct the transfer agent to restrict the sale or transfer of the Shares pursuant to this Section 6.2(c).

(d) No Rights as a Shareholder . Except as otherwise provided in an Award Certificate or any special Plan document governing a Share Award, a Participant shall have no right to vote the Shares subject to a Deferred Share Award, and shall have no rights as a shareholder with respect to such Shares, until such time as Shares are distributed to the Participant in settlement of the Deferred Share Award.

(e) Voting of Shares .

(i) The Plan Administration Committee shall direct the Trustee, and the Trustee shall have no discretion, as to the manner in which the voting rights attaching to Shares that are allocated to unvested Deferred Share Awards are to be voted.

(ii) The Plan Administration Committee shall direct the Trustee, and the Trustee shall have no discretion, as to the manner in which the voting rights attaching to Shares that are allocated to vested Deferred Share Awards are to be voted; provided that, the Plan Administration Committee may, in its sole discretion, direct the Trustee to take direction from any or all Participants as to the manner in which the Shares subject to the relevant Participant's vested Deferred Share Awards are to be voted. If the Plan Administration Committee directs the Trustee to take voting directions from any Participant(s), (x) the Trustee shall vote combined fractional Shares, to the extent possible, to reflect the directions of the Participant(s) holding such Shares and (y) if the Trustee does not receive valid Participant voting directions with respect to the Shares allocated to a Participant's vested Deferred Share Award(s), the Trustee shall have no discretion as to the voting of such Shares but shall vote such Shares in the manner directed by the Plan Administration Committee.

(iii) Notwithstanding any other provision of this Section 6.2(e), the Shares allocated to a Participant's Deferred Share Awards shall be voted by the Trustee, at the direction of the Plan Administration Committee, with respect to any Participant(s) with respect to whom counsel to the Company advises that the Participant might be taxed on the value of the Participant's Deferred Share Awards if the Participant(s) were permitted to direct the voting of such Shares.

(f) Tender of Shares

(i) If any person shall commence a tender or exchange offer or any similar transaction with respect to Shares, the Plan Administration Committee shall be entitled to direct the Trustee, and the Trustee shall have no discretion, as to whether the Shares underlying unvested Deferred Share Awards allocated to Participants' Accounts are to be tendered and whether such tender is to be revoked (to the extent such a revocation is permitted by the terms of such tender or exchange offer or applicable law).

(ii) If any person shall commence a tender or exchange offer or any similar transaction with respect to Shares, the Plan Administration Committee shall be entitled to direct the Trustee, and the Trustee shall have no discretion, as to whether the Shares underlying vested Deferred Share Awards allocated to Participants' Accounts are to be tendered and whether such tender is to be revoked (to the extent such a revocation is permitted by the terms of such tender or exchange offer or applicable law); provided that, the Plan Administration Committee may, *in its sole discretion*, direct the Trustee to take direction from any or all Participant(s) as to whether such Shares are to be tendered and whether such tender is to be revoked (to the extent such a revocation is permitted by the terms of such tender or exchange offer or applicable law). If the Plan Administration Committee directs the Trustee to take tender directions from any Participant(s), (x) the Trustee shall tender Shares underlying vested Deferred Share Awards allocated to any Participants' Accounts for which the Trustee shall have received affirmative and valid Participant directions to tender (except to the extent such directions are revoked prior to such tender); (y) the Trustee shall revoke the tender of Shares allocated to any Participants' Accounts underlying vested Deferred Share Awards for which the Trustee shall have received affirmative and valid Participant directions to revoke such tender; and (z) the Trustee shall not tender, or revoke the tender of, Shares allocated to Participants' Accounts for which the Trustee does not receive affirmative and valid Participant directions.

(iii) To the extent that a Participant or the Plan Administration Committee elects to tender Shares allocated to a Participant's Account, the Trustee shall transfer the consideration the Trustee receives as a result of such tender into the Trust and the Participant's Share Award and Account, if applicable, shall reflect the transfer.

(iv) Notwithstanding any other provision of this Section 6.2(f), the Plan Administration Committee, in its sole discretion, shall make tender decisions with respect to Shares held in the Accounts of Participants with respect to whom counsel to the Company advises that the Participant(s) might be taxed on the value of the Participant's Account if the Participant(s) were permitted to direct the tender of Shares.

6.3 Restricted Share Awards

(a) Grant of Restricted Share Awards. Subject to Sections 6.3(b), 6.3(c) and 9.1, the Plan Administration Committee shall direct the Trustee to deliver or cause to be delivered to any Participant who has elected to receive a Restricted Share Award pursuant to Section 6.1 certificates for the Shares subject to his Restricted Share Award, which shall be subject to the restrictions contained in this Section 6.3 from the Award Date until such Restricted Share Award vests in accordance with the Award Certificate or Section 6.1(d). The Shares subject to a Restricted Share Award shall be held by the Invesco Employee Share Service; provided that a Participant may transfer any Shares that have vested in accordance with the Award Certificate or Section 6.1(d), from such Employee Share Service. The Plan Administration Committee shall issue appropriate stop-transfer restrictions to the Invesco Employee Share Service in respect of the Shares that are subject

to a Restricted Share Award. In connection with any election to receive a Restricted Share Award, if a Participant fails to comply with Sections 6.3(b), 6.3(c) and 9.1 by the thirtieth day after the Award Date, such Participant shall not receive a Restricted Share Award but instead shall continue to hold a Deferred Share Award.

(b) Acknowledgement of Restrictions. Each Participant who has elected to receive a Restricted Share Award shall, no later than the thirtieth day after the Award Date, execute and deliver an acknowledgement form, on a form approved by the Plan Administration Committee (an "Acknowledgement Form"), acknowledging such Participant's participation subject to the terms of the Plan including this Section 6.3 and such other terms and conditions not inconsistent with the terms of the Plan as the Plan Administration Committee shall determine on or before the Award Date. Each Participant shall also deliver to the Plan Administration Committee on or before such time a duly executed undated instrument of transfer or assignment in blank, having attached thereto or to such certificate all requisite stock or other applicable or documentary tax stamps, all in form and substance satisfactory to the Plan Administration Committee, relating the Shares subject to a Restricted Share Award.

(c) Section 83(b) Election. Except as otherwise provided in an Award Certificate or any special Plan document governing a Share Award, each Participant who has received a Restricted Share Award shall make a timely election pursuant to Section 83(b) of the Code with respect to such Restricted Share Award. A copy of such executed election shall be filed with the Plan Administration Committee. On or before the distribution of Shares subject to a Restricted Share Award, a Participant shall remit to the Company or a Subsidiary (as determined by the Plan Administration Committee) an amount sufficient to discharge the Company's or such Subsidiary's obligations with respect to any taxes, withholding, assessment or governmental charge imposed on the distribution of such Shares to such Participant. Each Participant will be solely responsible for any and all tax liabilities payable by him in connection with the grant and receipt of the Shares subject to a Restricted Share Award or attributable to his making or failing to make such an election.

(d) Restrictions on Transferability. No Shares subject to a Restricted Share Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until such Restricted Share Award vests in accordance with the Award Certificate or Section 6.1(d). Thereafter, none of the Shares may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated or otherwise disposed of unless (i) such disposition is pursuant to an effective registration statement under the Securities Act or an exemption therefrom, and (ii) such disposition is pursuant to registration under any applicable state or foreign securities laws or an exemption therefrom. Any attempt by a Participant, directly or indirectly, to offer, transfer, sell, pledge, hypothecate or otherwise dispose of any Shares subject to a Restricted Share Award or any interest therein or any rights relating thereto without complying with the provisions of the Plan including this Section 6.3 shall be void and of no effect.

(e) Rights as a Shareholder. Except as otherwise provided in an Award Certificate or any special Plan document governing a Share Award, a Participant holding Shares subject to a Restricted Share Award granted pursuant to Section 6.1 may exercise full voting rights and other rights as a shareholder with respect to the Shares subject to the Restricted Share Award during the period in which such Shares remain unvested.

(f) Dividends and Other Distributions. Except as otherwise provided in an Award Certificate or any special Plan document governing a Share Award, a Participant holding Shares subject to a Restricted Share Award shall be entitled to receive all dividends and other distributions paid with respect to such Shares; provided that, if any such dividends or distributions are paid in Shares or other securities, such Shares and other securities shall be subject to the same vesting restrictions and restrictions on transferability

as apply to the Shares subject to a Restricted Share Award with respect to which they were paid.

ARTICLE VII FUNDING OF THE PLAN

Section 7.1 Unfunded Plan . The Plan shall be unfunded, including without limitation for purposes of the United States of America Department of Labor Regulation § 2520.104-23. Benefits under the Plan to a Participant shall be the unfunded obligation of such Participant's employer or former employer (the Company or a Subsidiary, as the case maybe). Notwithstanding the fact that the Company established the Trust for the purpose of assisting itself and its Subsidiaries in meeting their respective compensatory obligations to their employees, the Company and each of the Subsidiaries, respectively, shall remain obligated to pay the amounts credited to Participant's Accounts as a result of Awards under the Plan. In the event that assets of the Trust are used to satisfy the claims of general creditors of the Company in accordance with Section 7.2 and the Trust Agreement, such assets shall be deemed to be sold at their fair market value. Nothing shall relieve the Company and each of the Subsidiaries of their respective liabilities under the Plan except to the extent amounts are paid to Participants or Beneficiaries from the assets of the Trust.

Section 7.2 Trust . Effective as of December 24, 1997, the Company established the Trust, which is intended to be Q a "grantor trust" within the meaning of sections 671 of the Code of the Company and (ii) a "United States person" within the meaning of section 7701(a) (30) of the Code, to assist the Company and its Subsidiaries in meeting their respective compensatory obligations to their employees. The Trust is part of an employees' share scheme as defined in section 743 of the Companies Act. The Trustee is State Street Bank and Trust Company, and the Trust is domiciled in the State of New York. Pursuant to the Trust Agreement, the Plan Administration Committee may remove the Trustee and appoint a successor Trustee and may change the domicile of the Trust. The Trust can hold Shares, cash and other property contributed to the Trust by the Company to provide itself and the Subsidiaries with a source of funds to assist each of them in meeting their respective compensatory obligations to their employees. The Plan Administration Committee shall direct that the assets of the Trust be invested and reinvested primarily in Shares.

The trust agreement creating the Trust contains procedures to the following effect: In the event of the insolvency of the Company or any Subsidiary, the assets of the Trust shall be available to pay the claims of creditors of the Company or such Subsidiary, as the case may be, as a court of competent jurisdiction may direct. The Company or any Subsidiary shall be deemed to be "insolvent" if the Company or such Subsidiary is generally unable to pay its debts as they become due, or if the Company is subject to a pending proceeding under the bankruptcy laws of the United Kingdom or other equivalent local legislation, or if such Subsidiary is subject to a pending proceeding under the bankruptcy laws of the jurisdiction in which it is organized or incorporated. In the event the Company or any Subsidiary becomes insolvent, the Board of Directors and the Chief Executive Officer of the Company or such Subsidiary, as the case may be, have a duty to inform the Trustee in

writing of the Company's or such Subsidiary's insolvency. Upon receipt of such notice, or if the Trustee receives written notice from a person claiming to be a creditor of the Company or any Subsidiary alleging such insolvency, the Trustee shall cease making payments from the assets of the Trust on behalf of the Company or such Subsidiary, shall hold such assets for the benefit of creditors of the Company or such Subsidiary, as the case may be, and shall resume payments from the assets of the Trust only after the Trustee has determined that the Company or such Subsidiary, as the case may be, is not, or is no longer, insolvent.

Section 7.3 Internal Funding . The Subsidiaries shall have no obligations to make contributions to the Trust, although a Subsidiary may reimburse the Company for contributions to the Trust made by the Company on behalf of employees of such Subsidiary.

ARTICLE VIII ADDITIONAL SECURITIES MATTERS

Subject to Sections 6.2(c) and 6.3, the Company shall use its best efforts to ensure that any securities distributed to Participants hereunder are marketable at the time of distribution. Notwithstanding anything herein to the contrary, the Company shall not be obliged to cause to be delivered any certificates evidencing Shares pursuant to the Plan unless and until the Company is advised by its counsel that the delivery of such certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of The Stock Exchange and any other securities exchange on which Shares are traded. In addition to the covenants, agreements and representations contained in Section 6.3, the Plan Administration Committee may require, as a condition of the delivery of certificates evidencing Shares pursuant to the terms hereof, the recipient of such Shares to make such additional covenants, agreements and representations, and that such certificates bear such additional legends, as the Plan Administration Committee, in its sole discretion, deems necessary or desirable, provided that any such legends shall not contravene any rules or regulations of The Stock Exchange or any applicable statute.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.1 Taxes . As a condition to the making of any Award, the vesting of any Award, the lapse of the restrictions pertaining thereto or the distribution of Shares subject to a Share Award, the Company or a Subsidiary may require a Participant to pay such sum to the Company or such Subsidiary as may be necessary to discharge the Company's or such Subsidiary's obligations with respect to any taxes, withholding, assessment or other governmental charge imposed on property or income received by the Participant pursuant to the Plan. In accordance with the rules and procedures established by the Plan Administration Committee and in the discretion of the Plan Administration Committee, such payment may be in the form of cash, Shares, or other property. The Company and the Subsidiaries shall have the right to withhold from any cash, Shares, or property payable to a Participant (including any salary, bonus or any other amount payable from the Company or a Subsidiary to the Participant) an amount sufficient to satisfy applicable withholding tax requirements, prior to a distribution of cash, Share certificates or other property under the Plan or to direct the Trustee to withhold and sell any Shares subject to a Participant's vested Share Awards to satisfy applicable withholding tax requirements. In order to satisfy such taxes, assessments or other governmental charges, the Plan Administration Committee may direct the Trustee to pay to the Company or a Subsidiary an amount to satisfy such obligation and to pay the balance to the Participant. At the direction of the Participant and subject to the approval of the Plan Administration Committee, the Company and its Subsidiaries may deduct or withhold from any payment or distribution to a Participant whether or not pursuant to the Plan in order to satisfy required withholding obligations under the Plan.

Section 9.2 No Special Employment Rights. Nothing contained in the Plan or any Award Certificate shall confer upon any Participant any right with respect to the continuation of the Participant's employment by the Company or a Subsidiary or interfere in any way with the right of the Company or a Subsidiary at any time to terminate such employment or demote such Participant without prior notice at any time for any or no reason. Each Participant shall, by participating in the Plan, waive all and any right to compensation or damages in consequence of the termination of his office or employment with the Company or a Subsidiary for any reason whatsoever in so far as these rights arise or may arise from his ceasing to have rights under the Plan as a result of such termination. Nothing in the Plan shall be deemed to give any employee of the Company or a Subsidiary any right to participate in the Plan.

Section 9.3 Beneficiaries. Each Participant shall have the right to designate in writing from time to time a Beneficiary by filing a written notice of such designation with the Plan Administration Committee. A Participant may revoke his Beneficiary designation by filing with the Plan Administration Committee an instrument of revocation or a later designation. Any designation or revocation shall be effective when received by the Plan Administration Committee. In the event of the death of a Participant, certificates for Shares payable in respect of vested Deferred Share Awards shall be distributed to the Participant's Beneficiary as soon as reasonably practicable. Unless the Participant's Beneficiary designation provides otherwise, no person shall be entitled to benefits upon the death of the Participant unless such person survives the Participant. If the Beneficiary designated by a Participant does not survive the Participant or if the Participant has not made a valid Beneficiary designation, such Participant's Beneficiary shall be such Participant's estate.

Section 9.4 Expenses. Subject to the Trust Agreement, all expenses and costs in connection with the administration of the Plan shall be borne by the Company and the Subsidiaries.

Section 9.5 Titles and Headings Not to Control. The titles to Articles and headings of Sections in the Plan are placed herein for convenience of reference only and shall not affect the meaning of any of the provisions of the Plan.

Section 9.6 Amendment or Termination of Plan. The Compensation Committee may modify, amend, suspend or terminate this Plan in whole or in part at any time, provided that, such modification, amendment, suspension or termination shall not, without a Participant's consent, affect adversely the rights of a Participant with respect to outstanding Share Awards that have not previously been forfeited; provided further, that the Compensation Committee may, without a Participant's consent, amend the Plan from time to time in such a manner as may be necessary to avoid having the Plan, the Trust Agreement or the Trust being subject to ERISA, to avoid the current taxation of the assets held in the Trust, or to avoid the imposition of any excise tax, penalty, or acceleration of taxation under Section 409A of the Code. In this regard, neither a Participant's incurring tax liability nor the loss of an investment opportunity as a result of the termination of the Plan shall be considered an impairment of the rights of a Participant.

Upon termination of the Trust, unvested Share Awards of each Participant shall immediately vest and the Shares, cash or other property subject to such Share Awards including, if applicable, the amount credited to each such Participant's Account, shall be distributed to each such Participant. In the event that Shares or other property allocated to unvested Awards have been previously forfeited, the Plan Administration Committee shall determine how such Shares, cash or other property shall be applied to provide compensation and benefits to employees of the Company and the Subsidiaries. No portion of the assets held in the Trust shall revert to the Company or the Subsidiaries at any time except for the reimbursement of taxes pursuant to Section 9.1 and the Trust Agreement; provided that, in the event of the insolvency of the Company or any Subsidiary, the assets

of the Trust shall be available to pay the claims of creditors of the Company or such Subsidiary, as the case may be, as provided in Section 7.2 and the Trust Agreement.

Section 9.7 Governing Law. The Plan, as amended from time to time, and all rights hereunder shall be governed by, administered and enforced in accordance with the laws of the State of Georgia (without reference to the choice of law doctrine).

Section 9.8 Waiver of Punitive Damages. There is no right to punitive, exemplary or similar damages as a result of any controversy or claim arising out of, relating to or in connection with the Plan, or the breach, termination or validity thereof, and each Participant shall, by participating in the Plan, waive all and any of such rights.

Section 9.9 Restrictions on Transfer. No transfer (other than any transfer made by will or by the laws of descent and distribution), charge or encumbrance by a Participant of any right to any payment hereunder, whether voluntary or involuntary, by operation of law or otherwise, shall vest the transferee with any interest or right in or with respect to such payment, and the transfer, charge or encumbrance shall be of no force and effect.

Section 9.10 Consolidation or Merger of the Company. In the event of the consolidation, amalgamation, combination or merger of the Company with or into any other corporation, or the sale by the Company of substantially all of its assets, the resulting successor may continue the Plan by adopting the same by resolution of its board of directors and by executing a proper supplemental agreement to the Trust Agreement with the Trustee. Unless otherwise determined by the Compensation Committee, if within ninety days from the effective date of such consolidation, amalgamation, combination, merger or sale of assets, such new corporation does not adopt the Plan, the rights of all affected Participants to their respective benefits with respect to vested and unvested Awards shall be non-forfeitable as of the effective date of such consolidation, amalgamation, combination, merger or sale of assets.

Section 9.11 Set-off. In the event that the Company or a Subsidiary has any claims against a Participant, the Company or Subsidiary (as the case may be) may, in its discretion, offset such claims against its obligations to such Participant under the Plan. The Company or Subsidiary, as the case may be, shall give notice to the Participant of any set-off effected under this Section 9.11.

Section 9.12 Special Rules Regarding Plan Administration Committee. Notwithstanding any other provision of the Plan, with respect to any power of the Plan Administration Committee described herein that is exercised with respect to a Participant who is a member of the Plan Administration Committee and the exercise of such power does not affect all Participants relatively equally, such power shall be exercised with respect to such Participant by the non-Participant members of the Plan Administration Committee who are United States persons within the meaning of section 7701(a)(30) of the Code, if any; provided that, if all members of the Plan Administration Committee are Participants or none of the non-Participant members of the Plan Administration Committee are United States persons within the meaning of section 7701(a)(30) of the Code, then such powers shall be exercised with respect to such Participants by the members of the Plan Administration Committee who are United States persons within the meaning of section 7701(a)(30) of the Code.

Section 9.13 Changes in Share Capital. In the event of a variation in the equity share capital of the Company, whether through a reorganization, recapitalization, statutory share exchange, reclassification, stock split, combination of shares, share consolidation, or otherwise the Plan Administration Committee will adjust the number of Shares subject to a Share Award in any way in considers fair and reasonable.

Section 9.14 Special Provisions Related to Section 409A of the Code. Notwithstanding anything in the Plan to the contrary, in the event (a) any amounts payable pursuant to an Award or Award Certificate constitute nonqualified deferred compensation subject to Section 409A of the Code, and (b) the Participant is a “specified employee” within the meaning of Section 409A of the Code (as determined in accordance with the uniform policy adopted by the Company with respect to all of the arrangements subject to Section 409A of the Code maintained by the Company and its affiliates), any payments to be made with respect to the Award upon the Participant’s separation of service shall be delayed until the earlier of a date no later than 30 days following the Participant’s death or the first day of the seventh month following the Participant’s separation from service.

SPECIAL RULES RELATING TO PARTICIPANTS IN JAPAN

In order to comply with laws and regulations of Japan and notwithstanding Section 6.1 (d) or any other provision of the Plan, the Plan Administration Committee shall not accelerate the time of distribution with respect to any Awards of a Participant resident in, or employed by a Subsidiary that is resident in, Japan.

SPECIAL RULES RELATING TO SECTIONS 6.1 and 6.3

In order to comply with laws and regulations of France and notwithstanding Sections 6.1(a) or 6.3 or any other provision of the Plan, Participants resident for tax purposes in France, Canada, or Germany shall not have the ability to elect to receive a Restricted Share Award in lieu of a Deferred Share Award.

Notwithstanding Section 6.3(c) or any other provision of the Plan, Participants resident for tax purposes in the following countries shall not be required to make an election pursuant to Section 83(b) of the Code as a condition to receiving a Restricted Share Award:

United Kingdom
Belgium
Ireland
Italy
France
Austria
Taiwan
Japan
Australia
China
Hong Kong

SPECIAL RULES RELATING TO PARTICIPANTS IN CANADA

In order to comply with the laws and regulations of Canada and notwithstanding Sections 6.1 (a), 6.2(b), 6.2(c) or any other provision of the Plan, (1) no distribution of Shares, cash or other property equivalent to the amount credited to the Account of a Participant that was or, at the time of such distribution, is considered a participant in a Retirement Compensation Arrangement under Canadian tax law in respect of vested Deferred Share Awards made prior to December 1, 2002 will be made to such Participant until his termination of employment with the Company and its Subsidiaries or unless there has been a "substantial change in the sendees rendered" by such Participant for purposes of Section 248(1) of the Income Tax Act (Canada); and (2) No term or condition imposed under an Award Certificate may have the effect of causing the payment to a Participant or Beneficiary in satisfaction of his or her Deferred Share Awards to occur after December 15 of the third calendar year following the calendar year in respect of which such Deferred Shares Awards were granted.

SPECIAL RULES RELATING TO PARTICIPANTS IN IRELAND

Notwithstanding Sections 6.1(d), 6.2(c), or 6.3 or any other provision of the Plan, Participants resident for tax purposes in Ireland (1) shall not be entitled to accelerated vesting of unvested Restricted Share Awards except in the event of such Participant's termination of employment with the Company or a Subsidiary by reason of his death; (2) shall not be entitled to vote Shares that are allocated to unvested Deferred Share Awards; and (3) shall not be entitled to receive distributions in respect of vested and unvested Deferred Share Awards other than in the form of Shares.

SPECIAL RULES RELATING TO PARTICIPANTS IN AUSTRALIA

Notwithstanding Sections 6.1(a), 6.2(a), or 6.2(b) or any other provision of the Plan, Participants resident for tax purposes in Australia shall not be entitled to receive distributions in respect of vested and unvested Deferred Share Awards other than in the form of Shares.

INVESCO LTD.
2008 GLOBAL EQUITY INCENTIVE PLAN

(Amended and Restated Effective February 1, 2009)

1. Purpose

The purpose of the Plan is to give the Company a competitive advantage in attracting, retaining and motivating officers, employees, directors and/or consultants and to provide the Company and its Subsidiaries and Affiliates with a long-term incentive plan providing incentives directly linked to Shareholder value. Certain terms used herein have definitions given to them in the first place in which they are used.

2. Definitions

For purposes of the Plan, the following terms are defined as set forth below:

“Affiliate” means a corporation or other entity controlled by, controlling or under common control with, the Company.

“Applicable Exchange” means the New York Stock Exchange or such other securities exchange as may at the applicable time be the principal market for the Shares.

“Award” means an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Other Stock-Based Award granted pursuant to the terms of the Plan.

“Award Agreement” means a written document or agreement setting forth the terms and conditions of a specific Award.

“Board” means the Board of Directors of the Company.

“Cause” means, with respect to a Participant, unless otherwise provided in an Award Agreement, (i) if such Participant is at the time of a Termination of Service a party to an Individual Agreement at the time of the Termination of Service which defines such term (or word(s) of similar meaning), the meaning given in such Individual Agreement or (ii) if there is no such Individual Agreement or if it does not define Cause (or word(s) of similar meaning): (A) commission of (1) a felony (or its equivalent in a non-United States jurisdiction) or (2) other conduct of a criminal nature that has or is likely to have an adverse effect on the reputation or standing in the community of the Company or an Affiliate or that legally prohibits the Participant from working for the Company and its Affiliates; (B) breach by the Participant of a regulatory rule that adversely affects the Participant’s ability to perform the Participant’s principal employment duties to the Company and its Affiliates; or (C) deliberate failure on the part of the Participant (1) to perform the Participant’s principal employment duties, (2) to comply with the material policies of the Company and its Affiliates, (3) to follow specific reasonable directions

received from the Company and its Affiliates or (4) to comply in all material respects with covenants contained in any Individual Agreement or Award Agreement to which the Participant is a party. With respect to a Participant's termination of directorship, "Cause" shall include only an act or failure to act that constitutes cause for removal of a director under the Company's Bye-Laws.

"Change in Control" means any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of twenty-five percent (25%) or more of either (A) the then outstanding shares of the Company (the "Outstanding Company Shares") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided, however*, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company; (2) any acquisition by the Company; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) individuals who, as of February 1, 2008, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to February 1, 2008 whose election, or nomination for election by the Company's Shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (each, a "Corporate Transaction"), in each case, unless, following such Corporate Transaction, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Shares and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns

the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction of the Outstanding Company Shares and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan or related trust of the Company or such corporation resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty-five percent (25%) or more of, respectively, the then outstanding shares of the corporation resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Corporate Transaction and (C) at least a majority of the members of the board of directors of the corporation (or other governing board of a non-corporate entity) resulting from such Corporate Transaction were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(iv) approval by the Shareholders of the Company of a complete liquidation or dissolution of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

"Committee" means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of two or more non-employee directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a "non-employee director" as defined in Rule 16b-3 of the Exchange Act and, to the extent required by Section 162(m) of the Code, an "outside director" as defined under Section 162(m) of the Code. If at any time such a Committee has not been so designated, the Compensation Committee of the Board shall constitute the Committee, or if there shall be no Compensation Committee of the Board, the Board shall constitute the Committee, and all references herein to the Committee shall be deemed to be references to the Board.

"Company" means Invesco Ltd., a Bermuda exempted company.

"Disability" means, with respect to a Participant, unless otherwise provided in an Award Agreement, (i) a "disability" (or words of similar meaning) as defined in any Individual Agreement to which the Participant is a party or (ii) if there is no such Individual Agreement or it does not define "disability" (or words of similar meaning), (A) a permanent and total disability as determined under the Company's long-term disability plan applicable to the Participant or (B) if there is no such plan applicable to the Participant, "Disability" as determined by the Committee. The Committee may require such medical or other evidence as it deems necessary to judge the nature and permanency of the Participant's condition. Notwithstanding the

foregoing, with respect to an Incentive Stock Option, “Disability” shall mean a “Permanent and Total Disability” as defined in Section 22(e)(3) of the Code and, with respect to any Award that constitutes a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code, “Disability” shall mean “disability” as defined under Section 409A of the Code.

“Disaffiliation” means a Subsidiary’s, Affiliate’s or division’s ceasing to be a Subsidiary, Affiliate or division for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary or Affiliate or a sale of a division of the Company and its Affiliates).

“Eligible Individuals” means non-employee directors, officers, employees and consultants of the Company or any of its Subsidiaries or Affiliates, and prospective officers, employees and consultants who have accepted offers of employment or consultancy from the Company or its Subsidiaries or Affiliates.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto. Reference to any specific section of the Exchange Act shall be deemed to include such regulations and guidance issued thereunder, as well as any successor provision of the Exchange Act.

“Fair Market Value” means, unless otherwise determined by the Committee, the closing price of a Share on the Applicable Exchange as reported by such Applicable Exchange on the date of measurement or, if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded, all as reported by such source as the Committee may select. If the Shares are not listed on a national securities exchange, Fair Market Value shall be determined by the Committee in its good faith discretion.

“Free-Standing SAR” has the meaning set forth in Section 6(c).

“Good Reason” means, with respect to a Participant, unless otherwise provided in an Award Agreement, during the 24-month period following a Change in Control, actions taken by the Company or its Affiliate resulting in a material negative change in the employment relationship of the Participant who is an officer or an employee including, without limitation:

(i) the assignment to the Participant of duties materially inconsistent with the Participant’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or a material diminution in such position, authority, duties or responsibilities, in each case from those in effect immediately prior to the Change in Control;

(ii) a material reduction of the Participant’s aggregate annual compensation, including, without limitation, base salary and annual bonus, from that in effect immediately prior to the Change in Control;

(iii) a change in the Participant's principal place of employment that increases the Participant's commute by 40 miles or materially increases the time of the Participant's commute as compared to the Participant's commute immediately prior to the Change in Control; or

(iv) any other action or inaction that constitutes a material breach by the Company or an Affiliate of any Individual Agreement.

In order to invoke a Termination of Service for Good Reason, a Participant must provide written notice to the Company or Affiliate with respect to which the Participant is employed or providing services of the existence of one or more of the conditions constituting Good Reason within ninety (90) days following the Participant's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have thirty (30) days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Company or Affiliate fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Participant's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two (2) years following such Cure Period in order for such termination as a result of such condition to constitute a Termination of Service for Good Reason.

"Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares to be subject to such Award or (ii) such later date as the Committee shall provide in such resolution.

"Incentive Stock Option" means any Option that is designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.

"Individual Agreement" means a written employment, consulting or similar agreement between a Participant and the Company or one of its Subsidiaries or Affiliates.

"ISO Eligible Employees" means an employee of the Company, any subsidiary corporation (within the meaning of Section 424(f) of the Code) or parent corporation (within the meaning of Section 424(e) of the Code).

"Nonqualified Option" means any Option that is not an Incentive Stock Option.

"Option" means an Incentive Stock Option or Nonqualified Option granted under Section 6.

"Other Stock-Based Award" means Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based upon, Shares, including (without limitation), unrestricted stock, dividend equivalents and convertible debentures.

“Participant” means an Eligible Individual to whom an Award is or has been granted.

“Performance Goals” means the performance goals established by the Committee in connection with the grant of Awards. In the case of Qualified Performance-Based Awards, (i) such goals shall be based on the attainment of specified levels of one or more of the following measures with regard to the Company (or a Subsidiary, division, or other operational unit of the Company): operating revenues, annual revenues, net revenues, clients’ assets under management (“AUM”), gross sales, net sales, net asset flows, revenue weighted net asset flows, cross selling of investment products across regions and distribution channels, investment performance by account or weighted by AUM (relative and absolute performance), investment performance ratings as measured by recognized third parties, risk adjusted investment performance (information ratio, sharpe ratio), expense efficiency ratios, expense management, operating margin, and net operating margin, net revenue yield on AUM, client redemption rates and new account wins and size of pipeline, market share, customer service measures or indices, success of new product launches as measured by revenues, asset flows, AUM, and investment performance, profit margin, operating profit margin, earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), earnings per share, diluted earnings per share growth, operating income, pre- or after-tax income, net income, free cash flow (operating cash flow less capital expenditures), cash flow per share, return on equity (or return on equity adjusted for goodwill), return on capital (including return on total capital or return on invested capital), return on investment, stock price appreciation, total shareholder return (measured in terms of stock price appreciation and dividend growth), cost control, business expansion or consolidation, diversification of AUM by investment objectives, growth in global position (AUM domiciled outside of United States), diversified distribution channels, successful integration of acquisitions, market value of a business or group based on independent third-party valuation, or change in working capital, and (ii) such Performance Goals shall be set by the Committee within the time period prescribed by Section 162(m) of the Code.

“Performance Period” means that period established by the Committee during which any Performance Goals specified by the Committee with respect to such Award are to be measured.

“Plan” means this Invesco Ltd. 2008 Global Equity Incentive Plan, as set forth herein and as hereafter amended from time to time.

“Qualified Performance-Based Award” means an Award intended to qualify for the Section 162(m) Exemption, as provided in Section 11.

“Restricted Stock” means an Award granted under Section 7.

“Restricted Stock Unit” means an Award granted under Section 8.

“Restriction Period” means, with respect to Restricted Stock and Restricted Stock Units, the period commencing with the date of such Restricted Stock Award for which vesting

restrictions apply and ending upon the expiration of the applicable vesting conditions and/or the achievement of the applicable Performance Goals (it being understood that the Committee may provide that restrictions shall lapse with respect to portions of the applicable Award during the Restriction Period).

“Retirement” means, unless otherwise provided in the Award Agreement, the Participant’s Termination of Service other than for Cause after the attainment of age fifty-five (55) and (i) with respect to any Award with a Grant Date prior to February 1, 2009, at least five years of service, and (ii) with respect to any Award with a Grant Date on or after February 1, 2009, at least ten years of service,.

“Section 162(m) Exemption” means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code.

“Share” or “Shares” means common shares, par value \$0.20 each, of the Company or such other equity securities that may become subject to an Award.

“Shareholder” has the same meaning as the term “Member” in the Companies Act 1981 of Bermuda.

“Stock Appreciation Right” means an Award granted under Section 6(c).

“Subsidiary” means any corporation, partnership, joint venture, limited liability company or other entity during any period in which at least a fifty percent (50%) voting or profits interest is owned, directly or indirectly, by the Company or any successor to the Company.

“Tandem SAR” has the meaning set forth in Section 6(c).

“Ten Percent Shareholder” means a person owning shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company, any subsidiary corporation (within the meaning of Section 424(f) of the Code) or parent corporation (within the meaning of Section 424(e) of the Code).

“Term” means the maximum period during which an Option or Stock Appreciation Right may remain outstanding as specified in the applicable Award Agreement.

“Termination of Service” means the termination of the Participant’s employment or consultancy with, or performance of services (including as a director) for, the Company and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee, (i) if a Participant’s employment with the Company and its Affiliates terminates but such Participant continues to provide services to the Company and its Affiliates in a non-employee capacity, such change in status shall not be deemed a Termination of Service and (ii) a Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Company shall be

deemed to incur a Termination of Service if, as a result of a Disaffiliation, such Subsidiary, Affiliate, or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an employee of, or service provider for, the Company or another Subsidiary or Affiliate. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates shall not be considered Terminations of Employment. With respect to any Award that constitutes a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code, “Termination of Service” shall mean a “separation from service” as defined under Section 409A of the Code.

3. Administration

(a) *Committee*. The Plan shall be administered by the Committee. The Committee shall, subject to Section 11, have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Among other things, the Committee shall have the authority, subject to the terms and conditions of the Plan:

(i) to select the Eligible Individuals to whom Awards may from time to time be granted;

(ii) to determine whether and to what extent Incentive Stock Options, Nonqualified Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Other Stock-Based Awards, or any combination thereof, are to be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to determine the terms and conditions of each Award granted hereunder, based on such factors as the Committee shall determine;

(v) subject to Sections 11 and 12, to modify, amend or adjust the terms and conditions of any Award;

(vi) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(vii) to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Award Agreement relating thereto);

(viii) subject to Section 11, to accelerate the vesting or lapse of restrictions of any outstanding Award, based in each case on such considerations as the Committee in its sole discretion determines;

(ix) to decide all other matters to be determined in connection with an Award;

(x) to determine whether, to what extent and under what circumstances cash, Shares and other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the Participant;

(xi) to establish any “blackout” period that the Committee in its sole discretion deems necessary or advisable;

(xii) to otherwise administer the Plan; and

(xiii) solely to the extent permitted under applicable law and Section 11, to delegate any of its authority to administer the Plan to any person or persons selected by the Committee and such person or persons shall be deemed to be the Committee with respect to, and to the extent of, its or their authority.

(b) *Procedures* .

(i) The Committee may act only by a majority of its members then in office, except that the Committee may, except to the extent prohibited by applicable law or the listing standards of the Applicable Exchange and subject to Section 11, allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it.

(ii) Subject to Section 11(c), any authority granted to the Committee may also be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

(c) *Discretion of Committee* . Any determination made by the Committee or an appropriately delegated person or persons with respect to the Plan or any Award shall be made in the sole discretion of the Committee or such delegate, unless in contravention of any express term of the Plan, including, without limitation, any determination involving the appropriateness or equitableness of any action. All decisions made by the Committee or any appropriately delegated person or persons shall be final and binding on all persons, including the Company, Participants and Eligible Individuals. Notwithstanding the foregoing, following a Change in Control, any determination by the Committee as to whether “Cause” exists shall be subject to *de novo* review.

(d) *Cancellation or Suspension* . Subject to Section 6(e), the Committee or an appropriately delegated person or persons shall have full power and authority to determine whether, to what extent and under what circumstances any Award shall be canceled or suspended. In particular, but without limitation, all outstanding Awards to any Participant may be canceled if the Participant, without the consent of the Committee, while employed by, or providing services to, the Company or after a Termination of Service, becomes associated with, employed by, renders services to, or owns any interest in (other than any nonsubstantial interest, as determined by the Committee or any appropriately delegated person or persons), any business

that is in competition with the Company or its Affiliates or with any business in which the Company or its Affiliates has a substantial interest, as determined by the Committee or any appropriately delegated person or persons.

(e) *Award Agreements.* The terms and conditions of each Award, as determined by the Committee, shall be set forth in a written (or electronic) Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. Unless otherwise specified by the Committee, in its sole discretion, or otherwise provided in the Award Agreement, the effectiveness of an Award shall be subject to the Award Agreement's being signed or otherwise accepted by the Company and the Participant receiving the Award (including by electronic delivery). Award Agreements may be amended only in accordance with Section 12.

4. Shares Subject to Plan

(a) *Plan Maximums.* The maximum number of Shares that may be issued pursuant to Awards under the Plan shall be (i) 20,000,000, plus (ii) a number of Shares subject to outstanding equity awards granted prior to the Effective Date of the Plan under other equity plans or programs of the Company and its Affiliates to the extent such Shares are forfeited under such other plans, but not to exceed 10,000,000 Shares. The maximum number of Shares that may be issued pursuant to Options intended to be Incentive Stock Options shall be 6,000,000 Shares. Shares subject to an Award under the Plan may be authorized and unissued Shares or Shares held by the Company as treasury shares.

(b) *Individual Limits .* No Participant may be granted Awards as Qualified Performance-Based Awards covering in excess of 2,000,000 Shares during any calendar year.

(c) *Rules for Calculating Shares Delivered .*

(i) To the extent that any Award is forfeited or terminates, expires or lapses without being exercised, or that any Award is settled for cash, the Shares subject to such Awards not delivered as a result thereof shall not be deemed to have been delivered for purposes of the limits set forth in Section 4(a).

(ii) If the exercise price and/or the tax withholding obligations relating to any Award are satisfied by delivering Shares to the Company (by either actual delivery or by attestation), only the number of Shares issued net of the Shares delivered or attested to shall be deemed issued for purposes of the limits set forth in Section 4(a). To the extent any Shares subject to an Award are withheld to satisfy the exercise price (in the case of an Option) and/or the tax withholding obligations relating to such Award, such Shares shall not be deemed to have been issued for purposes of the limits set forth in Section 4(a).

(d) *Adjustment Provision .*

(i) In the event of a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, or similar event affecting the Company or any of its Subsidiaries (each, a “Corporate Event”) or a stock dividend, stock split, reverse stock split, separation, spinoff, Disaffiliation, reorganization, extraordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of the Company (each, a “Share Change”), the Committee or the Board shall make such equitable and appropriate substitutions or adjustments to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 4(a) and 4(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, (C) the number and kind of Shares or other securities subject to outstanding Awards and (D) the exercise price of outstanding Awards.

(ii) In the case of Corporate Events, such adjustments may include, without limitation, (A) the cancellation of outstanding Awards in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Event with respect to which Shareholders receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Event over the exercise price of such Option or Stock Appreciation Right shall conclusively be deemed valid), (B) the substitution of securities or other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the Shares subject to outstanding Awards and (C) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on securities or other property (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Company securities).

(iii) The Committee may, in its discretion, adjust the Performance Goals applicable to any Awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in the Company’s financial statements, notes to the financial statements, management’s discussion and analysis or other Company filings with the Securities and Exchange Commission; *provided, however*, that no such modification shall be made if the effect would be to cause an Award that is intended to be a Qualified Performance-Based Award to no longer constitute a Qualified Performance-Based Award. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company or the applicable subsidiary,

division or other operational unit of, or the manner in which any of the foregoing conducts its business, or other events or circumstances render the Performance Goals to be unsuitable, the Committee may modify such Performance Goals or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable; *provided, however*, that no such modification shall be made if the effect would be to cause an Award that is intended to be a Qualified Performance-Based Award to no longer constitute a Qualified Performance-Based Award.

(e) *Section 409A*. Notwithstanding the foregoing: (i) any adjustments made pursuant to Section 4(d) to Awards that are considered “deferred compensation” within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; (ii) any adjustments made pursuant to Section 4(d) to Awards that are not considered “deferred compensation” subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (A) continue not to be subject to Section 409A of the Code or (B) comply with the requirements of Section 409A of the Code; and (iii) in any event, neither the Committee nor the Board shall have the authority to make any adjustments pursuant to Section 4(d) to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the Grant Date to be subject thereto.

5. Eligibility

Awards may be granted under the Plan to Eligible Individuals; *provided, however*, that Incentive Stock Options may be granted only to ISO Eligible Employees.

6. Options and Stock Appreciation Rights

(a) *Types of Options*. Options may be of two types: Incentive Stock Options and Nonqualified Options. The Award Agreement for an Option shall indicate whether the Option is intended to be an Incentive Stock Option or a Nonqualified Option.

(b) *Incentive Stock Option Limitations*. To the extent that the aggregate Fair Market Value (determined as of the Grant Date) of the Shares with respect to which Incentive Stock Options are exercisable for the first time during any calendar year under the Plan and/or any other stock option plan of the Company, any subsidiary corporation (within the meaning of Section 424(f) of the Code) or parent corporation (within the meaning of Section 424(e) of the Code) exceeds one hundred thousand dollars (\$100,000), such Options shall be treated as Nonqualified Options. If an ISO Eligible Employee does not remain employed by the Company, any subsidiary corporation (within the meaning of Section 424(f) of the Code) or parent corporation (within the meaning of Section 424(e) of the Code) at all times from the time an Incentive Stock Option is granted until three (3) months prior to the date of exercise thereof (or such other period as required by applicable law), such Option shall be treated as a Nonqualified Stock Option. Should any provision of the Plan not be necessary in order for any Options to qualify as Incentive Stock Options, or should any additional provisions be required, the

Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the Shareholders of the Company.

(c) *Types and Nature of Stock Appreciation Rights.* Stock Appreciation Rights may be “Tandem SARs,” which are granted in conjunction with an Option, or “Free-Standing SARs,” which are not granted in conjunction with an Option. Upon the exercise of a Stock Appreciation Right, the Participant shall be entitled to receive an amount in cash, Shares, or both, in value equal to the product of (i) the excess of the Fair Market Value of one Share over the exercise price per Share subject to the applicable Stock Appreciation Right, multiplied by (ii) the number of Shares in respect of which the Stock Appreciation Right has been exercised. The applicable Award Agreement shall specify whether such payment is to be made in cash or Shares or both, or shall reserve to the Committee or the Participant the right to make that determination prior to or upon the exercise of the Stock Appreciation Right.

(d) *Tandem SARs.* A Tandem SAR may be granted at the Grant Date of the related Option. A Tandem SAR shall be exercisable only at such time or times and to the extent that the related Option is exercisable in accordance with the provisions of this Section 6, and shall have the same exercise price as the related Option. A Tandem SAR shall terminate or be forfeited upon the exercise or forfeiture of the related Option, and the related Option shall terminate or be forfeited upon the exercise or forfeiture of the Tandem SAR.

(e) *Exercise Price.* The exercise price per Share subject to an Option or Free-Standing SAR shall be determined by the Committee and set forth in the applicable Award Agreement, and shall not be less than the Fair Market Value of a Share on the Grant Date; *provided*, however, that if an Incentive Stock Option is granted to a Ten Percent Shareholder, the exercise price shall be no less than One Hundred Ten Percent (110%) of the Fair Market Value of the Share on the Grant Date. In no event may any Option, Tandem SAR, or Free-Standing SAR granted under the Plan (i) be amended, other than pursuant to Section 4(d), to decrease the exercise price thereof, (ii) be cancelled in conjunction with the grant of any new Option or Free-Standing SAR with a lower exercise price, (iii) with respect to Options and Stock Appreciation Rights with an exercise price that is above the then-Fair Market Value of a Share, be cancelled and replaced with the grant of any new Award or other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) or (iv) otherwise be subject to any action that would be treated, for accounting purposes, as a “repricing” of such Option or Free-Standing SAR, unless such amendment, cancellation or action is approved by the Company’s Shareholders.

(f) *Term.* The Term of each Option and each Free-Standing SAR shall be fixed by the Committee but shall not exceed ten (10) years from the Grant Date; *provided*, that the Term of an Incentive Stock Option granted to a Ten Percent Shareholder shall not exceed five (5) years.

(g) *Vesting and Exercisability.* Except as otherwise provided herein, Options and Free-Standing SARs shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee.

(h) *Method of Exercise* . Subject to the provisions of this Section 6, Options and Free-Standing SARs may be exercised, in whole or in part, at any time during their applicable Term by giving written notice of exercise to the Company specifying the number of Shares as to which such Option or Free-Standing SAR is being exercised. In the case of the exercise of an Option, such notice shall be accompanied by payment in full of the exercise price (which shall equal the product of such number of Shares multiplied by the applicable exercise price) by certified or bank check or such other instrument as the Company may accept. If approved by the Committee, payment, in full or in part, may also be made as follows:

(i) Payment of the exercise price, and, if requested, the amount of any federal, state, local or foreign withholding taxes, may be made in the form of unrestricted Shares (by delivery of such shares or by attestation) of the same class as the Shares subject to the Option already owned by the Participant (based on the Fair Market Value of the Shares on the date the Option is exercised).

(ii) To the extent permitted by applicable law, payment may be made by delivering a properly executed exercise notice to the Company, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale proceeds necessary to pay the exercise price, and, if requested, the amount of any federal, state, local or foreign withholding taxes. To facilitate the foregoing, the Company may, to the extent permitted by applicable law, enter into agreements for coordinated procedures with one or more brokerage firms.

(iii) Payment may be made by instructing the Company to withhold a number of Shares having a Fair Market Value (based on the Fair Market Value of the Shares on the date the applicable Option is exercised) equal to the product of (A) the exercise price, multiplied by (B) the number of Shares in respect of which the Option shall have been exercised, and, if requested, the amount of any federal, state, local or foreign withholding taxes.

(i) *Delivery; Rights of Shareholders* . No Shares shall be delivered pursuant to the exercise of an Option until the exercise price therefor has been fully paid and applicable taxes have been withheld. The Participant shall have all of the rights of a Shareholder of the Company holding the class or series of Shares that is subject to the Option or Stock Appreciation Right (including, if applicable, the right to vote the applicable Shares and the right to receive dividends), when the Participant (i) has given written notice of exercise, (ii) if requested, has given the representation described in Section 14(a) and (iii) in the case of an Option, has paid in full for such Shares, including any applicable taxes.

(j) *Nontransferability of Options and Stock Appreciation Rights* . No Option or Free-Standing SAR shall be transferable by a Participant other than, for no value or consideration, (i) by will or by the laws of descent and distribution or (ii) in the case of a Nonqualified Option or Free-Standing SAR, as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to the Participant's family members, whether directly or indirectly or by means of a trust or partnership or otherwise. For purposes of the Plan, unless

otherwise determined by the Committee, “family member” shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto. A Tandem SAR shall be transferable only with the related Option as permitted by this Section 6(j). Any Option or Stock Appreciation Right shall be exercisable, subject to the terms of the Plan, only by the Participant, the guardian or legal representative of such Participant, or any person to whom such Option or Stock Appreciation Right is permissibly transferred pursuant to this Section 6(j), it being understood that the term “Participant” includes such guardian, legal representative and other transferee; *provided, however*, that the term “Termination of Service” shall continue to refer to the Termination of Service of the original Participant.

(k) *Termination of Service*. Unless otherwise provided in the applicable Award Agreement, to the extent an Option or Stock Appreciation Right is not vested and exercisable, a Participant’s Options and Stock Appreciation Rights shall be forfeited upon his or her Termination of Service, except as set forth below:

(i) Upon a Participant’s Termination of Service for any reason other than death, Disability, Retirement or for Cause, any Option or Stock Appreciation Right held by the Participant that was exercisable immediately before the Termination of Service may be exercised at any time, subject to the Participant’s continued compliance with the covenants and restrictions set forth in the applicable Award Agreement, if any, until the earlier of (A) the ninetieth (90th) day following such Termination of Service and (B) expiration of the Term thereof.

(ii) Upon a Participant’s Termination of Service by reason of the Participant’s death or Disability, any Option or Stock Appreciation Right held by the Participant shall, vest and, subject to the Participant’s continued compliance with the covenants and restrictions set forth in the applicable Award Agreement, if any, be immediately exercisable at any time until the earlier of (A) the first anniversary of the date of such death or Disability and (B) the expiration of the Term thereof.

(iii) Provided that an Option or Stock Appreciation Right has been held for at least two (2) years prior to a Participant’s Termination of Service for Retirement, upon the Participant’s Termination of Service for Retirement, any such Option or Stock Appreciation Right held by the Participant shall, vest and, subject to the Participant’s continued compliance with the covenants and restrictions set forth in the applicable Award Agreement, if any, be immediately exercisable at any time until the earlier of (A) the third anniversary of such Termination of Service and (B) expiration of the Term thereof.

(l) Upon a Participant’s Termination of Service for Cause or if a Participant’s Termination of Service for any reason occurs during the ninety (90) dayperiod following an event that would be grounds for a Termination of Service for Cause, then all Options and Stock Appreciation Rights, whether vested or non-vested, held by such Participant shall be forfeited and expire as of the date of such Termination of Service, and the Company shall be entitled to

recover from the Participant at any time following the date of the Participant's Termination of Service any gains realized as a result of the exercise of any Option or Stock Appreciation Right (whether at the time of exercise or thereafter) during the ninety (90) day period following the Participant's Termination of Service. The foregoing provision shall cease to apply upon a Change in Control.

7. Restricted Stock

(a) *Nature of Awards and Certificates* . Shares of Restricted Stock are actual Shares issued to a Participant, and shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more share certificates. Any certificate issued in respect of Shares of Restricted Stock shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Award, substantially in the following form:

“The transferability of this certificate, and the Shares represented hereby, is subject to the terms and conditions (including forfeiture) of the Invesco Ltd. 2008 Global Equity Incentive Plan and any applicable Award Agreement.”

The Committee may require that the certificates evidencing such Shares be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of any Award of Restricted Stock, the Participant shall have delivered a share transfer form, endorsed in blank, relating to the Shares covered by such Award.

(b) *Terms and Conditions* . Shares of Restricted Stock shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition (A) the vesting of an Award of Restricted Stock upon the continued service of the Participant or (B) the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the Participant. In the event that the Committee conditions the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the Participant, the Committee may, prior to or at the time of grant, designate an Award of Restricted Stock as a Qualified Performance-Based Award. The conditions for grant or vesting and the other provisions of Restricted Stock Awards (including, without limitation, any applicable Performance Goals) need not be the same with respect to each Participant.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, during the Restriction Period, the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Shares of Restricted Stock.

(iii) Except as provided in this Section 7 or in the applicable Award Agreement, the Participant shall have, with respect to the Shares of Restricted Stock, all of the rights of a Shareholder of the Company holding the class or series of Shares that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares. Unless otherwise provided in the applicable Award Agreement, cash dividends with respect to the Restricted Stock will be currently paid to the Participant and, subject to Section 14(e) of the Plan, dividends payable in Shares shall be paid in the form of Restricted Stock of the same class as the Shares with which such dividend was paid, held subject to the vesting of the underlying Restricted Stock. If any Shares of Restricted Stock are forfeited, the Participant shall have no right to future cash dividends with respect to such Restricted Stock, withheld stock dividends or earnings with respect to such Shares of Restricted Stock.

(iv) If and when any applicable Performance Goals are satisfied and/or the Restriction Period expires without a prior forfeiture of the Shares of Restricted Stock for which legended certificates have been issued, unlegended certificates for such Shares shall be delivered to the Participant upon surrender of the legended certificates.

(c) *Termination of Service.* Unless otherwise provided in the applicable Award Agreement, a Participant's Share of Restricted Stock shall be forfeited upon his or her Termination of Service, *provided, however*, that upon a Participant's Termination of Service by reason of the Participant's death or Disability, the restrictions and deferral limitations applicable to any Shares of Restricted Stock shall lapse and such Shares of Restricted Stock held by such Participant shall become free of all restrictions and become fully vested and transferable.

8. Restricted Stock Units

(a) *Nature of Awards.* Restricted Stock Units are Awards denominated in Shares that will be settled, subject to the terms and conditions of the Restricted Stock Units, in an amount in cash, Shares, or both, based upon the Fair Market Value of a specified number of Shares.

(b) *Terms and Conditions .* Restricted Stock Units shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition (A) the vesting of Restricted Stock Units upon the continued service of the Participant or (B) the grant or vesting of Restricted Stock Units upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the Participant. In the event that the Committee conditions the grant or vesting of Restricted Stock Units upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the Participant, the Committee may, prior to or at the time of grant, designate the Restricted Stock Units as a Qualified Performance-Based Award. The conditions for grant or vesting and the other provisions of Restricted Stock Units (including, without limitation, any applicable Performance Goals) need not be the same

with respect to each recipient. An Award of Restricted Stock Units shall be settled as and when the Restricted Stock Units vest or at a later time specified by the Committee or in accordance with an election of the Participant, if the Committee so permits, that meets the requirements of Section 409A of the Code.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, during the Restriction Period, the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Restricted Stock Units.

(iii) Subject to the provisions of the Plan and the applicable Award Agreement, during the Restriction Period, if any, the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Restricted Stock Units.

(iv) The Award Agreement for Restricted Stock Units shall specify whether, to what extent and on what terms and conditions the Participant shall be entitled to receive current or deferred payments of cash, Shares or other property corresponding to the dividends payable on the Shares (subject to Section 14(e) below).

(c) *Termination of Service.* Unless otherwise provided in the applicable Award Agreement, a Participant's Restricted Stock Units shall be forfeited upon his or her Termination of Service, except as set forth below:

(i) Provided that such Restricted Stock Units have been held (A) for at least two (2) years prior to a Participant's Termination of Service by reason of the Participant's Retirement, with respect to any Restricted Stock Unit having a three (3) year vesting period, and (B) for at least three (3) years prior to a Participant's Termination of Service by reason of the Participant's Retirement, with respect to any Restricted Stock Unit having a four (4) year vesting period, upon a Participant's Termination of Service by reason of the Participant's Retirement, any unpaid Restricted Stock Units held by the Participant shall remain outstanding subject to the terms (including applicable vesting terms) thereof and subject to the Participant's continued compliance with the covenants and restrictions set forth in the applicable Award Agreement, if any, shall be earned and paid upon such time or times as such Restricted Stock Units would have been earned and paid in accordance with their normal schedule consistent with the terms of the applicable Award Agreement.

(ii) Upon a Participant's Termination of Service by reason of the Participant's death, any unpaid Restricted Stock Units held by the Participant shall be considered to be earned and payable in full, and any Restriction Period shall terminate and such Restricted Stock Units shall be settled in cash or Shares (consistent with the terms of the Award Agreement) as promptly as is practicable.

(iii) Upon a Participant's Termination of Service by reason of the Participant's Disability, provided that such Disability constitutes a "disability" as defined under Section 409A of the Code, subject to Section 11(f), any unpaid Restricted Stock Units

held by the Participant shall be considered to be earned and payable in full, and any Restriction Period shall terminate and such Restricted Stock Units shall be settled in cash or Shares (consistent with the terms of the Award Agreement) as promptly as is practicable.

9. Other Stock-Based Awards

Other Stock-Based Awards may be granted under the Plan; *provided*, that any Other Stock-Based Awards that are Awards of Shares that are unrestricted shall only be granted in lieu of other compensation due and payable to the Participant.

10. Change in Control Provisions

(a) *Impact of Event*. Unless otherwise provided in the applicable Award Agreement, unless Awards are not assumed, converted or replaced in connection with a transaction that constitutes a Change in Control (in which case such Awards shall vest immediately prior to the Change in Control), notwithstanding any other provision of the Plan to the contrary, upon a Participant's Termination of Service during the twenty-four (24) month period following a Change in Control, (x) by the Company other than for Cause or Disability or (y) by the Participant for Good Reason:

(i) any Options and Stock Appreciation Rights outstanding which are not then exercisable and vested shall become fully exercisable and vested;

(ii) the restrictions and deferral limitations applicable to any Shares of Restricted Stock shall lapse and such Shares of Restricted Stock shall become free of all restrictions and become fully vested and transferable;

(iii) all Restricted Stock Units shall be considered to be earned and payable in full, and any deferral or other restriction shall lapse and any Restriction Period shall terminate and such Restricted Stock Units shall be settled in cash or Shares (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the Shares) as promptly as is practicable;

(iv) subject to Section 12, the Committee may also make additional adjustments and/or settlements of outstanding Awards as it deems appropriate and consistent with the Plan's purposes; and

(v) each outstanding Award shall be deemed to satisfy any applicable Performance Goals at the maximum level of achievement.

(b) *Special Change in Control Post-Termination Exercise Rights*. Unless otherwise provided in the applicable Award Agreement, notwithstanding any other provision of the Plan to the contrary, upon the Termination of Service of a Participant without Cause or due to Disability

or for Good Reason, during the twenty-four (24) month period following a Change in Control, any Option or Stock Appreciation Right held by the Participant as of the date of the Change in Control that remains outstanding as of the date of such Termination of Service may thereafter be exercised, until the later of (i) the last date on which such Option or Stock Appreciation Right would be exercisable in the absence of this Section 10(b) (taking into account the terms of Section 6(k) of the Plan and any similar provisions in an Individual Agreement or Award Agreement) and (ii) the earlier of (A) the third anniversary of such Change in Control and (B) expiration of the Term of such Option or Stock Appreciation Right.

(c) Notwithstanding the foregoing, if any Award is subject to Section 409A of the Code, this Section 10 shall be applicable only to the extent specifically provided in the Award Agreement and permitted pursuant to Section 11(f).

(d) In the event of a Change in Control, the Committee may in its discretion and upon at least ten (10) days' advance notice to the affected Participants, cancel any outstanding Awards and pay to the holders thereof, in cash or Shares, or any combination thereof, the value of such Awards based upon the price per Share received or to be received by other Shareholders of the Company in the event.

11. Qualified Performance-Based Awards; Section 16(b); Section 409A

(a) The provisions of the Plan are intended to ensure that all Options and Stock Appreciation Rights granted hereunder to any Participant who is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) in the tax year in which such Option or Stock Appreciation Right is expected to be deductible to the Company qualify for the Section 162(m) Exemption, and all such Awards shall therefore be considered Qualified Performance-Based Awards and the Plan shall be interpreted and operated consistent with that intention. When granting any Award other than an Option or Stock Appreciation Right, the Committee may designate such Award as a Qualified Performance-Based Award, based upon a determination that (i) the recipient is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) with respect to such Award and (ii) the Committee wishes such Award to qualify for the Section 162(m) Exemption, and the terms of any such Award (and of the grant thereof) shall be consistent with such designation (including, without limitation, that all such Awards be granted by a committee composed solely of "outside directors" (within the meaning of Section 162(m) of the Code)).

(b) Each Qualified Performance-Based Award (other than an Option or Stock Appreciation Right) shall be earned, vested and/or payable (as applicable) upon the achievement of one or more Performance Goals, together with the satisfaction of any other conditions, such as continued employment, as the Committee may determine to be appropriate; *provided, however*, that the outcome of the Performance Goals must be substantially uncertain at the time the Committee establishes the Performance Goals.

(c) Neither the full Board nor any delegate of the Committee shall exercise authority granted to the Committee to the extent that the exercise of such authority would cause an Award designated as a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption.

(d) The provisions of the Plan are intended to ensure that no transaction under the Plan is subject to (and not exempt from) the short-swing recovery rules of Section 16(b) of the Exchange Act and shall be construed and interpreted in a manner so as to comply with such rules.

(e) Notwithstanding any other provision of the Plan to the contrary, if for any reason the appointed Committee does not meet the requirements of Rule 16b-3 of the Exchange Act or Section 162(m) of the Code, such noncompliance with the requirements of Rule 16b-3 of the Exchange Act and Section 162(m) of the Code shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

(f) It is the intention of the Company that no Award, unless otherwise specified, shall constitute a “nonqualified deferred compensation plan” subject to Section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise as provided in the immediately following sentence, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Award Agreement, and shall comply in all respects with Section 409A of the Code. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award, or any amount payable pursuant to an Award Agreement, that constitutes a “nonqualified deferred compensation plan” subject to Section 409A of the Code, any payments (whether in cash, Shares or other property) to be made with respect to the Award or Award Agreement upon the Participant’s Termination of Service shall be delayed until the first day of the seventh month following the Participant’s Termination of Service if the Participant is a “specified employee” within the meaning of Section 409A of the Code (as determined in accordance with the uniform policy adopted by the Committee with respect to all of the arrangements subject to Section 409A of the Code maintained by the Company and its Affiliates).

12. Term, Amendment and Termination

(a) *Effective Dates* . The Plan was adopted by the Board on February 28, 2008, and will be effective as of the date (the “Effective Date”) it is approved by the shareholders of the Company.

(b) *Termination* . The Plan will terminate on the tenth anniversary of the Effective Date. Awards outstanding as of such date shall not be affected or impaired by the termination of the Plan.

(c) *Amendment of the Plan* . The Board or the Committee may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of the Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law or Applicable Exchange rule or to prevent adverse tax or accounting consequences to the Company or Participants under Section 409A of the Code or accounting rules. Notwithstanding the foregoing, no such amendment shall be made without the approval of the Company's Shareholders (i) to the extent such approval is required (A) by applicable law or Applicable Exchange rule as in effect as of the date hereof or (B) under applicable law or Applicable Exchange rule as may be required after the date hereof, (ii) to the extent such amendment would materially increase the benefits accruing to Participants under the Plan, (iii) to the extent such amendment would materially increase the number of securities which may be issued under the Plan or (iv) to the extent such amendment would materially expand the eligibility for participation in the Plan.

(d) *Amendment of Awards* . Subject to Section 6(e), the Committee may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall cause a Qualified Performance-Based Award to cease to qualify for the Section 162(m) Exemption or without the Participant's consent materially impair the rights of any Participant with respect to an Award, except such an amendment made to cause the Plan or Award to comply with applicable law, Applicable Exchange rule or accounting rules.

13. Unfunded Status of Plan

It is currently intended that the Plan constitute an "unfunded" plan. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Shares or make payments; *provided, however*, that unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

14. General Provisions

(a) *Conditions for Issuance* . The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval or permit

from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(b) *Additional Compensation Arrangements* . Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.

(c) *No Contract of Employment* . The Plan shall not constitute a contract of employment, and adoption of the Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the employment of any employee at any time.

(d) *Required Taxes* . No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income or employment or other tax purposes with respect to any Award under the Plan, such Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Company, withholding obligations may be settled with Shares, including Shares that are part of the Award that gives rise to the withholding requirement, having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Shares.

(e) *Limitation on Dividend Reinvestment and Dividend Equivalents* . Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Shares with respect to dividends to Participants holding Awards of Restricted Stock Units, shall only be permissible if sufficient Shares are available under Section 4 for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient Shares are not available for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of Restricted Stock Units equal in number to the Shares that would have been obtained by such payment or reinvestment, the terms of which Restricted Stock Units shall provide for settlement in cash and for dividend equivalent reinvestment in further Restricted Stock Units on the terms contemplated by this Section 14(e).

(f) *Designation of Death Beneficiary* . The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such eligible Individual, after such Participant's death, may be exercised.

(g) *Subsidiary Employees* . In the case of a grant of an Award to any employee of a Subsidiary or Affiliate, the Company may, if the Committee so directs, issue or transfer the Shares, if any, covered by the Award to the Subsidiary or Affiliate, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary or Affiliate will transfer the Shares to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All Shares underlying Awards that are forfeited or canceled shall revert to the Company.

(h) *Governing Law and Interpretation* .The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Georgia, without reference to principles of conflict of laws. The captions of the Plan are not part of the provisions hereof and shall have no force or effect.

(i) *Non-Transferability* . Except as otherwise provided in Section 6(j) or by the Committee, Awards under the Plan are not transferable except by will or by laws of descent and distribution.

(j) *Foreign Employees and Foreign Law Considerations* . The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) tax, legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such tax, legal or regulatory provisions.

**INVESCO LTD.
EXECUTIVE INCENTIVE BONUS PLAN**

1. Purpose

The purpose of the Plan is to establish a program of incentive compensation for designated officers and/or key employees of the Company that is directly related to the performance results of the Company and such employees. The Plan provides annual incentives, contingent upon meeting certain performance goals, to certain officers and/or key employees who make substantial contributions to the Company.

2. Definitions

For purposes of the Plan, the following terms are defined as set forth below:

“162(m) Bonus Award” means a Bonus Award which is intended to qualify for the performance-based compensation exception to Section 162(m) of the Code, as further described in Section 7 hereof.

“Board” means the Board of Directors of Invesco Ltd.

“Bonus Award” means the award, as determined by the Committee, to be granted to a Participant based on that Participant’s level of attainment of his or her goals established in accordance with Sections 4, 5, 6 and 7, as applicable.

“Change in Control” has the meaning set forth in the Invesco Ltd. 2008 Equity Incentive Plan.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Committee” means either (i) the Board or (ii) a committee selected by the Board to administer the Plan and composed of not less than two directors, each of whom is an “outside director” (within the meaning of Section 162(m) of the Code). If at any time such a Committee has not been so designated, the Compensation Committee of the Board shall constitute the Committee or if there shall be no Compensation Committee of the Board, the Board shall constitute the Committee.

“Company” means Invesco Ltd. and each of its subsidiaries and affiliates.

“Designated Beneficiary” means the beneficiary or beneficiaries designated to receive the amount, if any, payable under the Plan upon the Participant’s death.

“Individual Target Award” means the targeted performance award for a Performance Period specified by the Committee.

“Participant” means any officer or key employee designated by the Committee to participate in the Plan.

“Performance Criteria” means objective performance criteria established by the Committee (which satisfies the requirements of Section 7(b)), in its sole discretion, with respect to 162(m) Bonus Awards. Performance Criteria shall be measured in terms of one or more of the following objectives, which objectives may relate to Company-wide objectives or of the subsidiary, division, department or function of the Company: operating revenues, annual revenues, net revenues, clients’ assets under management (“AUM”), gross sales, net sales, net asset flows, revenue weighted net asset flows, cross selling of investment products across regions and distribution channels, investment performance by account or weighted by AUM (relative and absolute performance), investment performance ratings as measured by recognized third parties, risk adjusted investment performance, (information ratio, sharpe ratio), expense efficiency ratios, expense management, operating margin and net operating margin, net revenue yield on AUM, client redemption rates and new account wins and size of pipeline, market share, customer service measures or indices, success of new product launches as measured by revenues, asset flows, AUM and investment performance, profit margin, operating profit margin, earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), earnings per share, diluted earnings per share growth, operating income, pre- or after-tax income, net income, free cash flow (operating cash flow less capital expenditures), cash flow per share, return on equity (or return on equity adjusted for goodwill), return on capital (including return on total capital or return on invested capital), return on investment, share price appreciation, total shareholder return (measured in terms of share price appreciation and dividend growth), cost control, business expansion or consolidation, diversification of AUM by investment objectives, growth in global position (AUM domiciled outside of United States), diversified distribution channels, successful integration of acquisitions, market value of a business or group based on independent third-party valuation or change in working capital.

“Performance Period” means the period during which performance is to be measured to determine the level of attainment of a Bonus Award.

“Plan” means this Invesco Ltd. Executive Incentive Bonus Plan.

3. Eligibility

Participants in the Plan shall be selected by the Committee for each Performance Period from those officers and key employees of the Company whose efforts contribute materially to the success of the Company. No employee shall be a Participant unless he or she is selected by the Committee, in its sole discretion. No employee shall at any time have the right to be selected as a Participant nor, having been selected as a Participant for one Performance Period, to be selected as a Participant in any other Performance Period.

4. Administration

The Committee, in its sole discretion, will determine eligibility for participation, establish the maximum award which may be earned by each Participant (which may be expressed in terms of a dollar amount, percentage of base pay or total pay (excluding payments made under this Plan), an amount determined pursuant to an objective formula

As amended & restated effective 1-1-2009

or standard or any other measurement), establish goals for each Participant (which may be objective or subjective, and based on individual, Company, subsidiary and/or division performance), calculate and determine each Participant's level of attainment of such goals, and calculate the Bonus Award for each Participant based upon such level of attainment.

Except as otherwise herein expressly provided, full power and authority to construe, interpret and administer the Plan shall be vested in the Committee, including the power to amend or terminate the Plan as set forth in Section 15 hereof. The Committee may at any time adopt such rules, regulations, policies or practices as, in its sole discretion, it shall determine to be necessary or appropriate for the administration of, or the performance of its respective responsibilities under, the Plan. The Committee may at any time amend, modify, suspend or terminate such rules, regulations, policies or practices.

The Committee shall adjust the performance goals applicable to any Bonus Awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis or other Company filings with the Securities and Exchange Commission; *provided, however*, that no such modification shall be made if the effect would be to cause a 162 (m) Bonus Award to fail to qualify for the performance-based compensation exception to Section 162(m) of the Code. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company or the applicable subsidiary, division, department or function of the Company, the manner in which it conducts its business or other events or circumstances render the Performance Criteria to be unsuitable, the Committee may modify such Performance Criteria or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable; *provided, however*, that no such modification shall be made if the effect would be to cause a 162(m) Bonus Award to fail to qualify for the performance-based compensation exception to Section 162(m) of the Code.

5. Bonus Awards

For each Participant for each Performance Period, the Committee may specify an Individual Target Award. The Individual Target Award may be expressed, at the Committee's discretion, as a fixed dollar amount, a percentage of base pay or total pay (excluding payments made under this Plan) or an amount determined pursuant to an objective formula or standard. Establishment of an Individual Target Award for an employee for a Performance Period shall not imply or require that the same level Individual Target Award (if any such award is established by the Committee for the relevant Participant) be set for any subsequent Performance Period. At the time the performance goals are established, the Committee shall specify the Performance Criteria to be achieved, a minimum acceptable level of achievement below which no payment or award will be made and, to the extent relevant, a formula for determining the amount of any payment or award to be made if performance is at or above the minimum acceptable level but falls short of full achievement of the specified Performance Criteria.

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Notwithstanding any other provision to the contrary herein, the Committee may, in its sole and absolute discretion, elect to pay a Participant an amount that is less than the Participant's Individual Target Award (or attained percentage thereof) regardless of the degree of attainment of the Performance Criteria.

6. Payment of Bonus Awards

Bonus Awards earned during any Performance Period shall be paid as soon as practicable following the end of such Performance Period and the determination of the amount thereof shall be made by the Committee. Bonus Awards will be paid no later than the fifteenth (15th) day of the third month following the later of: (a) the end of the Participant's taxable year in which the requirements for such Bonus Award have been satisfied by the Participant or (b) the end of the Company's fiscal year in which the requirements for such Bonus Award have been satisfied by the Participant. Payment of Bonus Awards shall be made in the form of cash, common shares of the Company or equity awards in respect of Company common shares, which common shares or equity awards may be subject to additional vesting provisions as determined by the Committee. Any common shares or equity awards granted in satisfaction of a Bonus Award will be granted under the Company's equity incentive plan(s) as in effect from time to time. Bonus Award amounts earned but unpaid will not accrue interest. The Committee may at its option establish procedures pursuant to which Participants are permitted to defer the receipt of Bonus Awards payable hereunder.

7. 162(m) Bonus Awards

Unless determined otherwise by the Committee, each Bonus Award awarded under the Plan shall be a 162(m) Bonus Award and will be subject to the following requirements, notwithstanding any other provision of the Plan to the contrary:

- (a) No 162(m) Bonus Award may be paid unless and until the shareholders of the Company have approved this Plan in a manner which complies with the shareholder approval requirements of Section 162(m) of the Code.
- (b) A 162(m) Bonus Award may be made only by a Committee which is comprised solely of not less than two directors, each of whom is an "outside director" (within the meaning of Section 162(m) of the Code).
- (c) The performance goals to which a 162(m) Bonus Award is subject must be based solely on Performance Criteria and the outcome of the Performance Criteria must be substantially uncertain at the time the Committee establishes the Performance Criteria. Such performance goals, and the maximum, target and/or threshold (as applicable) Bonus Amount payable upon attainment thereof, must be established by the Committee within the time limits required in

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order for the 162(m) Bonus Award to qualify for the performance-based compensation exception to Section 162(m) of the Code.

- (d) No 162(m) Bonus Award may be paid until the Committee has certified the level of attainment of the applicable Performance Criteria.
- (e) The maximum amount of a 162(m) Bonus Award is \$50 million to a single Participant during any calendar year and the Performance Period for a 162(m) Bonus Award shall be the Company's fiscal year (or such longer period as determined by the Committee).

8. Termination of Employment

Unless otherwise specified by the Committee, to be eligible to receive a payment of a Bonus Award with respect to a Performance Period, a Participant must be employed by the Company on the last day of such Performance Period and on the date that the Bonus Award is paid, and must satisfy such other requirements as may be imposed by the Committee. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide, to the extent permitted under Section 162(m) of the Code, that in the case of a Participant's death, disability or a Change in Control of the Company during the Performance Period (or such other termination situations as permitted under Section 162(m) of the Code), Committee may pay a Bonus Award either during or after the Performance Period without regard to actual achievement of the performance goals. In the event of a Participant's death prior to the payment of a Bonus Award which has been earned, such payment shall be made to the Participant's Designated Beneficiary or, if there is none living, to the estate of the Participant.

9. Successors

The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and businesses of the Company.

10. Non-Alienation of Benefits

A Participant may not assign, sell, encumber, transfer or otherwise dispose of any rights or interests under the Plan except by will or the laws of descent and distribution. Any attempted disposition in contravention of the preceding sentence shall be null and void.

11. No Claim or Right to Plan Participation

No employee or other person shall have any claim or right to be selected as a Participant under the Plan. Neither the Plan nor any action taken pursuant to the Plan shall be construed as giving any employee any right to be retained in the employ of the Company.

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12. Taxes

The Company shall deduct from all amounts paid under the Plan all federal, state, local and other taxes required by law to be withheld with respect to such payments.

13. Payments to Persons Other Than the Participant

If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs because of incapacity, illness or accident, or is a minor, or has died, then any payment due to such person or his or her estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee, in its sole discretion, to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

14. No Liability of Committee Members

No member of the Committee shall be personally liable by reason of any contract or other instrument related to the Plan executed by such member or on his or her behalf in his or her capacity as a member of the Committee, nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including legal fees, disbursements and other related charges) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud, dishonesty or bad faith.

15. Termination or Amendment of the Plan

The Committee may amend, suspend or terminate the Plan at any time; *provided* that no amendment may be made without the approval of the Company's shareholders if the effect of such amendment would be to cause outstanding or pending 162(m) Bonus Awards to cease to qualify for the performance-based compensation exception to Section 162(m) of the Code.

16. Unfunded Plan

Participants shall have no right, title or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, Designated Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the

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Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

17. Governing Law

The terms of the Plan and all rights thereunder shall be governed by and construed in accordance with the laws of the State of Georgia, without reference to principles of conflict of laws.

18. Effective Date

The Plan is effective as of January 1, 2008, subject to approval of the shareholders as required by Section 162(m) of the Code.

As amended & restated effective 1-1-2009

**INVESCO LTD.
AMENDED AND RESTATED
2005 NON-QUALIFIED DEFERRED COMPENSATION PLAN
(EFFECTIVE AS OF JANUARY 1, 2009)**

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ARTICLE I
PURPOSE, DEFINITIONS AND CONSTRUCTION

1.1 Purpose of the Plan

Effective as of December 1, 1997, Invesco Ltd. (f/k/a AMVESCAP PLC) established the AMVESCAP PLC Non-qualified Deferred Compensation Plan ("Prior Plan") to allow certain eligible management employees of U.S. employers to defer the payment each year of a percentage of their Compensation to augment such employees' retirement income in addition to what is provided for under the tax qualified plans of the Employer. The law applicable to non-qualified deferred compensation plans was changed effective January 1, 2005, and as a result, IVZ, Inc. (f/k/a AVZ, Inc.), a Subsidiary of Invesco Ltd. adopted a new non-qualified deferred compensation arrangement for eligible management employees of U.S. employers that are Subsidiaries of Invesco Ltd. for deferrals occurring on or after January 1, 2005, which Plan is amended and restated effective as of January 1, 2009 for the purpose of including additional provisions intended to ensure compliance with Internal Revenue Code Section 409A relating to deferred compensation. The amounts credited to participants as of December 31, 2004 under the Prior Plan will remain credited under the Prior Plan. This Plan is not intended to, and does not, qualify under Sections 401(a) and 501(a) of the Internal Revenue Code, and is designed to be exempt generally from the requirements of the Employee Retirement Income Security Act of 1974, as amended.

1.2 Definitions

The following terms, when found in the Plan, shall have the meanings set forth below:

(a) Account : The records maintained by the Plan Administrator to determine each Participant's interest under this Plan. Such Account may be reflected as an entry in the Company's (or Employer's) records, or as a separate account under a trust, or as a combination of both. The Plan Administrator may establish such subaccounts as it deems necessary for the proper administration of the Plan.

(b) Annual Valuation Date: December 31 of each year while the Plan is in effect.

(c) Beneficiary : The person or persons (or trust or other entity) last designated in writing by the Participant to receive the amount in the Participant's Account in the event of such Participant's death; or if no designation shall be in effect at the time of a Participant's death or if all designated Beneficiaries shall have predeceased the Participant, then the Beneficiary shall be the Participant's estate or personal representative.

(d) Code : The Internal Revenue Code of 1986, as it may be amended from time to time.

(e) Company : Invesco Ltd. or its successor or successors.

(f) Change in Control : A Change in Control shall be deemed to occur in the event of any of the following: (i) a change in the ownership of the Company; (ii) a change in effective control of the Company; or (iii) a change in the ownership of a substantial portion of the assets of the Company. The determinations under (i), (ii) and (iii) above shall be made by the Plan Administrator in accordance with Treas. Reg. 1.409A-3(i)(5).

(g) Compensation : Compensation shall be the total cash remuneration paid by the Employer during each Plan Year, as reported on Form W-2 or its subsequent equivalent, including salary, bonuses under a Performance-Based Plan and other incentive bonuses, fees, commissions,

amounts deferred under Code Sections 401(k) and 125, and amounts deferred under this and any other non-qualified program of salary reduction. Compensation hereunder shall not be subject to any limitations applicable to tax-qualified plans, such as pursuant to Code Sections 401(a)(17) or 415. The term "Compensation" shall not include income resulting from this Plan or the Prior Plan, the 2008 Global Equity Incentive Plan, the Invesco Ltd. Global Stock Plan, the Wholesalers Non-Qualified Deferred Compensation Plan, the Invesco Ltd. Executive Share Option Schemes or the Sharesave Plan.

(h) Disability : "Disability" as defined in Treas. Reg. 1.409A-3(i)(4).

(i) Effective Date : The effective date of the Plan is January 1, 2008.

(j) Election Form : The form or forms prescribed by the Plan Administrator on which a Participant may specify the amount of his Compensation that is to be deferred pursuant to the provisions of Article III, the time and manner of payment of his benefits, and the Performance Options in which his Account is deemed to be invested.

(k) Eligible Employee : The following classes or groups of employees of an Employer shall be eligible to participate in the Plan: Global Partners, Partners and Associate Partners. In addition, Wholesalers and certain other management or highly compensated employees shall be eligible to participate if designated by the Plan Administrator (or its designee). The Plan Administrator may, in its discretion, establish guidelines each year for determining the group of Wholesalers or highly compensated employees that are eligible to participate. However, participation in the Plan shall be limited to Eligible Employees who are management or highly compensated employees of the Employer, as such term is defined by Section 201 of ERISA, and regulations and rulings promulgated thereunder by the Department of Labor.

(l) Employee Deferral Account : The account maintained to reflect any Eligible Employee deferrals to the Plan pursuant to Section 3.1.

(m) Employer : Each Subsidiary of the Company whose Eligible Employees are authorized to participate in the Plan (as set forth on Schedule A as it may be amended from time to time), in accordance with such terms as may be established by the Company.

(n) ERISA : The Employee Retirement Income Security Act of 1974, as amended.

(p) Participant : An Eligible Employee who has met the requirements of Article II for participation in the Plan and who has an Account in the Plan.

(q) Performance-Based Plan : A plan (or part of a plan) that pays compensation which qualifies as "Performance-based compensation" within the meaning of Section 409A, Treas. Reg. 1.409A-1(e) and any rulings thereunder.

(r) Performance Option: A deemed investment fund, elected by the Participant, that will be used as the basis to calculate earnings, gains and losses on the amount in the Participant's Account.

(s) Plan : The Invesco Ltd. Amended and Restated 2005 Non-Qualified Deferred Compensation Plan, as set forth herein and as it may be amended from time to time.

(t) Plan Administrator : The Plan Administrator will be a committee (or other entity) established by the Plan Sponsor which has the exclusive and discretionary authority for making all decisions related to the Plan including determining Plan benefits. The Plan Administrator will also

be responsible for carrying out the administrative duties of the Plan. In the absence of the appointment of such a committee, the Company shall be the Plan Administrator.

(u) Plan Sponsor : The Plan Sponsor is IVZ, Inc., a U.S. Subsidiary of Invesco Ltd. The payments of benefits to Participants are the primary obligation of the Employers. The Plan Sponsor may delegate any of its functions hereunder to a corporation or other entity which it owns or controls.

(v) Plan Year : The twelve month period beginning on January 1 and ending on December 31 each year.

(w) Prior Plan : The AMVESCAP PLC Non-Qualified Deferred Compensation Plan, which was established effective as of December 1, 1997, in which certain Participants in the Plan also participate.

(x) Prior Plan Elections : The deferral elections under the Prior Plan made prior to January 1, 2005 for Compensation that will be paid on or after January 1, 2005, that will be recognized under this Plan, and pursuant to which amounts will be credited to this Plan, and the distribution elections under the Prior Plan with respect to deferrals to the Plan on or after January 1, 2005.

(y) Prior Plan Transfer Account : The amount credited to a Participant under the Prior Plan that is transferred to this Plan, which shall be managed and distributed in accordance with the provisions of this Plan.

(z) Retirement or Retired : Termination of Service from all Employers on or after attaining age 58.

(aa) Section 409A : Section 409A of the Code, as it may be amended from time to time.

(bb) Specified Employee: The term "Specified Employee" has the meaning given such term in Section 409A and the final regulations thereunder, *provided, however* , that, as permitted in such final regulations, the Company's Specified Employees and its application of the six-month delay rule of Section 409A(a)(2)(B)(i) shall be determined in accordance with rules adopted by the Board of Directors of the Company or any committee of the Board, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Plan.

(cc) Subsidiary : Any corporation in an unbroken chain of corporations, beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term "Subsidiary" shall also include a partnership in which the Company or a Subsidiary owns 50% or more of the profits interest or capital interest in the partnership.

(dd) Termination of Service : A "separation from service" with the Employers as defined in Treas. Reg. 1.409A-1(h). A Participant shall not be deemed to have terminated service during a *bona fide* leave of absence, whether with or without pay, if the period of such leave does not exceed six months, or if longer, so long as the Participant retains a right to reemployment under an applicable statute or by contract.

(ee) Unforeseeable Emergency : An “unforeseeable emergency” as defined in Treas. Reg. 1.409A-3(i)(3)(i). Generally, an unforeseeable emergency is a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s beneficiary, or the Participant’s dependent; loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

(ff) Valuation Date : The Annual Valuation Date and any other date(s) selected by the Plan Administrator as of which the Accounts of Participants are valued.

1.3 Construction

The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words “hereof”, “herein” “hereunder” and other similar compounds of the word “here” shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

ARTICLE II ELIGIBILITY

Prior to the beginning of each Plan Year, the Plan Administrator (or its designee) shall determine each employee who is an Eligible Employee (as described in Section 1.2(k) hereof) of a participating Employer and eligible to participate in the Plan for such following Plan Year. The Plan Administrator may determine all or part of the Eligible Employee group by designating a class or group of employees as eligible, by establishing a compensation level for eligibility or by using such other method to designate the Eligible Employee group as the Plan Administrator deems appropriate and consistent with Section 409A and the rulings and regulations thereunder.

Each such Eligible Employee shall be provided the deferral election in Article III. Employees who are newly hired in the eligible group or who move into an eligible class during the Plan Year will become Eligible Employees (and first eligible to participate in the Plan) at the next scheduled enrollment period and will be provided the deferral election in Article III at such time.

ARTICLE III PARTICIPANTS’ DEFERRAL ELECTIONS

3.1 Participant’s Deferral Elections

Each Eligible Employee may elect to participate for the Plan Year, or part of a Plan Year for which he is eligible, by delivering to the Plan Administrator a written notice, in such form as approved by the Plan Administrator, electing to participate and specifying the dollar amount or percentage of Compensation he elects to defer for such Plan Year or part of a Plan Year. The Plan Administrator may provide the Eligible Employee with a separate election with respect to salary and bonus (and other forms of Compensation).

Except as otherwise provided below, an election to defer Compensation, including a bonus payment that does not qualify as a payment under a Performance Based Plan, shall be made prior to the commencement of the Plan Year with respect to which the election to participate is made. The

Participant's deferrals under this Section 3.1 shall be credited to the Participant's Employee Deferral Account.

An election to defer any bonus payment under a Performance Based Plan must be made prior to the commencement of the Plan Year with respect to which the bonus payment is earned, unless otherwise determined by the Plan Administrator as provided in this Section 3.1. The Plan Administrator may, in its discretion, provide that the election may be made at a later date, provided that (x) in no event shall such date be later than the date that is six (6) months before the end of the performance period with respect to which such bonus payment is earned or awarded, (y) the Participant must perform services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date an election is made under this Section 3.1, and (z) in no event may an election to defer such bonus payment be made after such compensation has become readily ascertainable.

Deferral elections shall become irrevocable immediately upon the last date an election may be made with respect to Compensation. A Participant may not during the Plan Year terminate an election to defer Compensation or discontinue future deferrals of Compensation under this Plan, or increase or decrease the amount of Compensation a Participant elects to defer during the Plan Year.

At the time a Participant elects to defer Compensation, the Participant shall elect with respect to such deferral the time and manner in which the amount deferred (and any earnings thereon) will be distributed to the Participant, which the Plan Administrator may provide is a continuing election with respect to all amounts credited (and to be credited) to the Participant's Account. The distribution elections, and any changes to such elections, shall be made in accordance with Article V. If the Eligible Employee's election would result in a deferral greater than the maximum provided herein, any deferred amount shall be reduced to the maximum limit.

An election to defer Compensation must be filed with the Plan Administrator within the time period prescribed by the Plan Administrator. If a Participant fails to file a properly completed and duly executed Election Form with the Plan Administrator by the prescribed time, he will be deemed to have elected not to defer any Compensation under this Plan for the Plan Year.

The Participant may designate on an Election Form a Beneficiary (or Beneficiaries) to receive payment of amounts in his Account in the event of his death.

The Plan Administrator may establish a maximum deferral limitation for a Plan Year for each group or class of Eligible Employees (which may be a dollar amount, a percentage of Compensation or some other limit) and may change such limitation from year to year, provided an Eligible Employee shall not be permitted to reduce his Compensation below the amount necessary to make required or elected contributions to employee benefit plans, required federal, state and local tax withholdings, and any other withholdings deemed necessary by the Plan Administrator or required by law.

3.2 Employer Contributions

(a) Effective January 1, 2006, as soon as practical after the end of each Plan Year and after the financial results of the Company and its Subsidiaries for such year have been determined, the Employer shall credit to a Qualifying Participant's (as defined in (c) below) Employer Contribution Account the amount determined in (b) below. Amounts credited to the Employer Contribution Account shall be credited to the Participant's Retirement Account. No Employer contribution shall be made for any Participant who does not satisfy the requirements for a Qualifying Participant for a Plan Year. For Eligible Employees hired before January 1, 2005, all amounts credited to a Qualifying Participant's Employer Contribution Account shall be fully vested; for

Eligible Employees hired on or after January 1, 2005, the following vesting schedule shall apply to the Qualifying Participant's Employer Contribution Account:

<u>Years of Service</u>	<u>Vested Percentage</u>	<u>Subject to Forfeiture</u>
Less than 1	0%	100%
1 but less than 2	25%	75%
2 but less than 3	50%	50%
3 but less than 4	75%	25%
4 or more	100%	0%

The determination of a Participant's Years of Service shall be made in accordance with the service crediting rules of the Invesco Ltd. Money Purchase Plan.

(b) The amount to be credited to a Qualifying Participant each Plan Year shall be equal to the amount that would have been credited as employer contributions to such Qualifying Participant for the Plan Year under the Invesco Ltd. 401(k) Plan and the Invesco Ltd. Money Purchase Plan (together the "Qualified Plan") if the Qualifying Participant had not made any deferrals to this Plan minus the amount that was contributed by the Employer to the Qualified Plans for the Qualifying Participant for the Plan Year (using the compensation and other limitations applicable to the Qualified Plans). The Employer shall determine the amount to be credited to a Qualifying Participant under this subsection (b) in good faith in a consistent manner with respect to all Qualifying Participants.

(c) For purposes of this Section 3.2, a Qualifying Participant is an Eligible Employee who has elected to make employee deferrals to the Plan for a Plan Year and Employee who has elected to make employee deferrals to the Plan for a Plan Year and as a result of such deferrals, the amounts the Employer would otherwise have contributed as employer contributions to the Qualified Plan is reduced.

3.3 Establishment of Account

Each Participant herein shall have maintained in his name an Account, which shall be credited with the amounts of Compensation deferred by the Participant under Section 3.1 and any Employer contribution credits under Section 3.2, as well as the earnings, gains and losses credited pursuant to Section 4.3 hereof.

3.4 2005 and 2006 Deferral Elections And Prior Plan Accounts

(a) With respect to Eligible Employees who participated in the Prior Plan prior to January 1, 2005, and who have made deferral elections under the Prior Plan with respect to Compensation which becomes payable on or after January 1, 2005, the Company hereby transfers all rights with respect to such deferral elections and the related amounts deferred in 2005 and 2006 pursuant to such elections to the Plan and the Plan hereby assumes all such obligations. Such deferral elections and transferred amounts shall be maintained and administered in accordance with the Plan, including the payment rules of Article V. The Plan Administrator may permit changes to such deferral elections and payment elections in accordance with Section 409A and the regulations and rulings thereunder.

(b) The Plan Administrator shall provide such additional payment elections to Participants with respect to amounts credited to the Plan pursuant to this Section 3.4 consistent with Section 409A and the regulations and rulings thereunder, including the transitional rules.

ARTICLE IV
CREDITING TO ACCOUNTS; EARNINGS

4.1 Crediting to Accounts

Deferral contributions made pursuant to Section 3.1 hereof shall be credited to the Employee Deferral Account of the Participant from whose Compensation such amounts were deferred, on or about the last day of the month in which actual salary or bonus deferral occurs (or as soon thereafter as is administratively practical). Employer contributions pursuant to Section 3.2 hereof shall be credited to the Employer Contribution Account of the Participant as of the date provided in Section 3.2(a).

4.2 Establishment of Trust

The Plan Sponsor or Employer may establish a trust fund with regard to the Accounts hereunder, designed to be a grantor trust under Code Section 671.

It is the intention of the Plan Sponsor and Employer that any trust established for this purpose shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of ERISA. The Employer may make payment of benefits directly to Participants or their Beneficiaries as they become due under the terms of the Plan. In addition, if the principal of the trust established for this purpose, and any earnings thereon, is not sufficient to make payments of benefits in accordance with the terms of the Plan, the Employer shall make the balance of each such payment as it falls due.

Any trust created by the Plan Sponsor or Employer and any assets held by the trust to assist in meeting its obligations under the Plan shall, unless the Plan Sponsor determines otherwise, be consistent with the terms of the model trust as described in Revenue Procedure 92-64, as subsequently amended.

With respect to any benefits payable under the Plan, the Participants (and their Beneficiaries) shall have the same status as general unsecured creditors of the Employer, and the Plan shall constitute a mere unsecured promise by the Employer to make benefit payments in the future.

4.3 Crediting Of Earnings, Gains Or Losses

Each Participant on an Election Form shall have the right to select from among various Performance Options, as made available under the Plan in the discretion of the Plan Administrator, which may change from time to time. The Plan Administrator may establish percentage increments in which the deemed investment election must be made. The crediting of earnings, gains or losses to the Participant's Account will reflect the Participant's selection of Performance Options. Participants may re-allocate their Account among the various Performance Options on a quarterly basis (or such other periodic basis as may be established by the Plan Administrator). The Participant's reallocation election may relate to his future deferral contributions or to his existing Account balance, or both. The Plan Administrator may also permit separate elections of Performance Options with respect to each of the payment dates selected by the Participant under Section 5.2. If the Participant fails to direct the deemed investment of 100% of his Account, any undirected amount shall be deemed to be invested in the Money Market Fund Performance Option or such other fixed income Performance Option as may be designated by the Plan Administrator.

Earnings, gains or losses shall be credited periodically at such times as determined by the Plan Administrator, based on the results of the applicable Performance Options.

The Performance Options are used solely for the purpose of determining the deemed earnings, gains and losses to be credited to a Participant's Account and no actual investment in the Performance Options shall be required. The Participant has no rights to any particular asset of the Employer or Plan Sponsor. The Participant's Account is a general unsecured obligation of the Employer of such Participant.

The Performance Options may be changed or modified from time to time by the Plan Administrator. By electing to participate in this Plan, the Participant is acknowledging that he/she has been provided by the Plan Administrator (or its designee) with sufficient information with respect to Performance Options to make an informed decision with respect to the deemed investment of his or her Account.

ARTICLE V PAYMENT OF ACCOUNT

5.1 Vesting of Account

A Participant's Account derived from his deferral contributions under Section 3.1 shall be one hundred percent (100%) vested and non-forfeitable at all times. A Participant's Account derived from any Employer contributions under Section 3.2 shall be vested in accordance with the provisions of Section 3.2. Payment of the vested amount of the Participant's Account shall be made in accordance with the provisions of this Article V.

5.2 Timing and Form of Payment

(a) Subject to subsection (f) below, on the Election Form, the Participant shall make an election as to the timing and form of payment for any deferrals for such Plan Year and the form of payment for any Employer contributions (such contributions are automatically credited to the Participant's Retirement Account) for such Plan Year from among the options set forth below for Retirement and for any payments during employment. Once the Participant elects a time and form of payment, that election is irrevocable; provided, however, that the Plan Administrator may provide for a change in such election in accordance with Section 5.2 (d). Upon Retirement, the entire amount of the Participant's Account will become vested.

(i) The Participant may elect to receive, upon Retirement from the Employer, the entire amount of the Account shall be distributed in a single lump sum within the first ninety (90) days following the date of the Participant's Retirement; or

(ii) The Participant may elect to receive, upon Retirement from the Employer, the Account shall be distributed in annual installment payments for a period of up to ten (10) years. The first installment payment shall be made within the first ninety (90) days following the Participant's Retirement and thereafter payments shall be made on each anniversary of the first payment date until paid in full. Under this method, for example, the first year's payment will equal one tenth (1/10) of the total Account, the second year will equal one ninth (1/9) of the remaining Account, and so forth; or

(iii) The Participant may elect to receive payments during employment and prior to Retirement or other Termination of Service. If so elected, the Participant shall select, in the Election Form, (i) the month and year in which the initial payment shall be made (the "Initial

Payment Date”), which Initial Payment Date may not be earlier than five years after the date amounts are first credited to such Participant’s Account, and (ii) a lump sum distribution or annual installment payments over a period of up to ten (10) years, in the manner provided in (ii) above, as applicable. The lump sum payment or the first installment payment, as applicable, shall be made within the first ninety (90) days following the Initial Payment Date. Any subsequent deferrals to such designated in-service distributions must be made in accordance with Section 5.2(d). A Participant may only elect such number of pre-Retirement distribution dates for the vested portion of his Account as may be permitted by the Plan Administrator (or his designee) and the Plan Administrator may increase the minimum deferral period for in-service distribution accounts. Notwithstanding the Participant’s election under this subsection (a)(iii), in the event of the Participant’s Retirement or occurrence of an event specified in subsection (e) below, the remaining balance of the Participant’s Account shall be payable in accordance with the provisions for payment at Retirement or the events specified in subsection (e) below (whether or not the in-service account was in payment status at Retirement).

(b) If no Retirement election is made (i.e., the Participant elects to receive in-service distributions), upon the Participant’s Retirement, his Account (including amounts designated for in-service payments which have not yet commenced) will be paid in a lump sum within the first ninety (90) days following the date of Retirement.

(c) The Participant will designate each Plan Year which portion of the amounts credited for such Plan Year shall be credited to the Participant’s Retirement Account and any In-Service Distribution Accounts he has selected. If a Participant’s Account is distributed in installments, the Account shall continue to be credited with deemed earnings, gains and losses in accordance with Article IV until the entire amount of the Account is distributed.

(d) The Plan Administrator may permit a Participant to change his initial election to defer the date on which payment of his Account shall commence and/or change the method of payment of his Account, in accordance with the following:

(i) after the initial election under Section 5.2(a)(iii) above, a Participant may only make two election changes with respect to a particular in-service payment date that has been selected or a method of payment that has been selected (after such second election change, the election shall become irrevocable);

(ii) the Participant must change his election not less than twelve (12) months before a scheduled payment;

(iii) the first payment with respect to such changed election must be deferred at least five (5) years from the date such payment would otherwise have been made; and

(iii) the election shall not become effective for twelve (12) months.

The change of election shall be made on a form provided by the Plan Administrator.

(e) Notwithstanding the Participant’s election under subsection (a) above, the payment of a Participant’s Account will be accelerated as provided below in the event of Termination of Service (Section 5.3), Death (Section 5.4), Disability (Section 5.5) or a Change in Control (Section 5.6).

(f) Notwithstanding anything in the Plan to the contrary, if any amount becomes payable under this Plan by reason of a Participant’s Retirement or Termination of Service during a

period in which the Participant is a Specified Employee, then, subject to any permissible acceleration of payment by the Committee under Treas. Reg. 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes), such amounts shall be distributed in accordance with the following: (1) if the payment or distribution is payable in a lump sum, the Participant's right to receive payment or distribution of such compensation will be delayed until the earlier of (i) a date no later than thirty (30) days following the Participant's death, or (ii) the first day of the seventh month following the Participant's Retirement or Termination of Service; and (2) if the payment or distribution is payable over time, the amount of such compensation that would otherwise be payable during the six-month period immediately following the Participant's Retirement or Termination of Service will be accumulated and the Participant's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's Retirement or Termination of Service, whereupon the accumulated amount will be paid or distributed to the Participant and the normal payment or distribution schedule for any remaining payments or distributions will resume.

5.3 Payment at Termination of Service

Subject to Section 5.2(f) above, the vested amount of the Participant's Account (including amounts designated for in-service payments which have not yet commenced) will be paid in a lump sum within the first ninety (90) days following the Participant's Termination of Service. The elections under Section 5.2 shall not be recognized, provided that such Termination of Service does not qualify as Retirement or a Disability under the terms of this Plan.

5.4 Payment at Death

In the event a Participant dies prior to Retirement or other Termination of Service, the entire amount of the Participant's Account will become fully vested and will be paid as if the Participant Retired on the date of death and except as provided in the next sentence, the elections under Section 5.2 shall not be recognized. The form of payment to the Beneficiary shall be in accordance with the Participant's election on the Election Form for payments at Retirement. In the event of death subsequent to Retirement, the remaining amount of the Participant's Account, if any, will be distributed to the Participant's designated Beneficiaries in the form and at the time that payments would have been made had the Participant survived.

5.5 Payment at Disability

In the event of the Participant's Disability (as defined in Section 1.2(h)), the entire amount of the Participant's Account will become fully vested and payment will be made as if the Participant had Retired on the date that he or she became disabled and the elections under Section 5.2 shall not be recognized (except as to the form of payment elected for Retirement). Once payment has commenced, payments will continue as elected regardless of any future change in the Participant's Disability status.

5.6 Payment at a Change in Control

In the event of a Change in Control (as defined in Section 1.2(f) of the Plan), the entire amount of the Participant's Account will become fully vested and will be paid in a lump sum within ninety (90) days of the event constituting a Change in Control and the elections under Section 5.2 shall not be recognized.

5.7 Unforeseeable Emergency Distribution

In the event of an Unforeseeable Emergency either before or after the commencement of payments hereunder, the Participant may request in writing that, all or a portion of his vested Account be paid in one or more installments prior to the normal time for payment of such amount. The Plan Administrator shall, in its reasonably judgment, determine whether an Unforeseeable Emergency exists. If the Plan Administrator determines that an Unforeseeable Emergency exists, a distribution from the Participant's Account shall be made within the first [thirty (30)] days following the occurrence of the Unforeseeable Emergency. Such distribution shall not exceed the dollar amount necessary to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, [after taking into account any additional compensation that is available pursuant to Section 3.1(g) herein]. Distribution may not be made to the extent that the Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or by cessation of deferrals under the plan.

ARTICLE VI CLAIMS PROCEDURES

6.1 Claims for Benefits

If a Participant or beneficiary (hereafter, "Claimant") does not receive timely payment of any benefits which he believes are due and payable under the Plan, he may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator or to the Company. If the claim for benefits is denied, the Plan Administrator shall notify the Claimant in writing within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension shall not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his claim, and the steps which the Claimant must take to have his claim for benefits reviewed.

6.2 Appeals

Each Claimant whose claim for benefits has been denied may file a written request for a review of his claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he received the written notice denying his claim. The decision of the Plan Administrator will be made within 60 days after receipt of a request for review and shall be communicated in writing to the Claimant. Such written notice shall set forth the basis for the Plan Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Plan Administrator's decision shall be rendered not later than 120 days after receipt of a request for review.

The Plan Administrator shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and the amount and manner of payment of such benefits, and its decisions on such matters shall be final and conclusive on all parties.

ARTICLE VII
PLAN ADMINISTRATOR

7.1 Committee

The Plan Administrator shall be the Company or such committee as may be designated by the Company to administer and manage the Plan. Members of any committee shall not be required to be employees of the Company or Participants. Action of the Plan Administrator may be taken with or without a meeting of committee members. If a member of the committee is a Participant in the Plan, he shall not participate in any decision which solely affects his own Account.

7.2 Right and Duties

The Plan Administrator shall have the discretionary authority to administer and manage the Plan and shall have all powers necessary to accomplish that purpose, including (but not limited to) the following:

- (a) To construe, interpret, and administer this Plan;
- (b) To make allocations and determinations required by this Plan, and to maintain records relating to Participants' Accounts;
- (c) To compute and certify to the Company the amount and kinds of benefits payable to Participants or their Beneficiaries, and to determine the time and manner in which such benefits are to be paid;
- (d) To authorize all disbursements by the Company pursuant to this Plan;
- (e) To maintain (or cause to be maintained) all the necessary records of the administration of this Plan;
- (f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;
- (g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder; and
- (h) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan.

The Plan Administrator shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount and manner of payment of such benefits, and its decisions on such matters shall be final and conclusive on all parties.

7.3 Compensation, Indemnity and Liability

The Plan Administrator shall serve as such without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator shall be paid by the Company or the Employers. If the Plan Administrator is a committee, no member of the committee shall be liable for any act or omission of any other member of the committee, nor for any act or omission on his own part, excepting his own willful misconduct. The Company shall

indemnify and hold harmless the Plan Administrator and each member of the committee and their agents and designees against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his membership on the committee, excepting only expenses and liabilities arising out of his own willful misconduct.

7.4 Taxes

If the whole or any part of any Participant's Account shall become liable for the payment of any estate, inheritance, income, or other tax which the Company or an Employer shall be required to pay or withhold, the Company and the Employer shall have the full power and authority to withhold and pay such tax out of any moneys or other property in its hand for the account of the Participant whose interests hereunder are so liable. The Company or an Employer shall provide notice of any such withholding. Prior to making any payment, the Company or an Employer may require such releases or other documents from any lawful taxing authority as it shall deem necessary.

ARTICLE VIII MISCELLANEOUS

8.1 Limitation on Participant's Rights

Participation in this Plan shall not give any Participant the right to be retained in the Company's employ or the employ of any Employer, or any right or interest in this Plan or any assets of the Company or an Employer other than as herein provided. The Company and the Employer reserves the right to terminate the employment of any Participant without any liability for any claim against the Company or an Employer under this Plan, except to the extent expressly provided herein.

8.2 Amendment of the Plan; Merger

The Plan may be amended, in whole or in part, from time to time, by the Company, without the consent of any other party; however, no such amendment will reduce the amount credited to the Participant's Account as of the date of such amendment. The Company may permit all or part of any other deferred compensation plan maintained by the Company or a Subsidiary to be merged or combined with this Plan on such terms as the Company may determine.

8.3 Termination of the Plan

The Plan may be terminated at any time by action of the Company, without the consent of any other party. The amounts credited to the Participant's Accounts upon such termination shall become fully vested and shall be paid in a lump sum; provided that (i) the Company terminates at the same time any other arrangement that would be aggregated with the Plan under Section 409A; (ii) the Company does not adopt any other arrangement that would be aggregated with the Plan under Section 409A for three (3) years; (iii) the payments upon such termination shall not commence until twelve (12) months after the date of termination (other than payments already scheduled to be made); (iv) all payments upon such termination are made within twenty-four (24) months after the date of termination; and (v) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company. The termination of this Plan shall not result in the reduction of the amount credited to the Participant's Account as of the date of such termination.

8.4 Notices to Participants

From time-to-time, the Plan Administrator shall provide each Participant with an accounting of the value of his Account as of a Valuation Date. Further, each Participant will be provided written notice of any amendment of the Plan that affects his rights herein, and of the termination of the Plan.

8.5 Non-Alienation

This Plan shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns; provided, however, that the amounts credited to the Account of a Participant shall not (except as provided in Section 7.4) be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, shall be null and void and not binding on the Plan or the Company; provided, that the Plan Administrator may, in its sole discretion and subject to such terms as it may impose, consent to such assignment in connection with a separation, divorce, child support or similar arrangements. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to substantially all of the business or assets of the Company to expressly agree to assume and perform this Agreement.

8.6 Controlling Law

The Plan shall be governed by and construed in accordance with the laws of the State of Georgia, to the extent not preempted by laws of the United States of America. Venue shall lie in Fulton County, State of Georgia.

IN WITNESS WHEREOF, IVZ, Inc. hereby adopts the Invesco Ltd. Amended and Restated 2005 Non-Qualified Deferred Compensation Plan, effective as of January 1, 2009.

ATTEST:

IVZ, INC. (Plan Sponsor)

Secretary

By: _____
Name:
Title:

SCHEDULE A

PARTICIPATING EMPLOYERS

[To Be Updated]

Invesco Ltd.

RULES OF THE INVESCO DEFERRED FEES SHARE PLAN

As amended and restated effective December 10, 2008

THE INVESCO DEFERRED FEES SHARE PLAN

Amendments adopted on December 10, 2008 shall apply only to those Deferred Proportions (or the sum then representing the Deferred Proportion, if different), including any dividend equivalents paid thereon, that were not vested prior to December 31, 2004.

1. DEFINITIONS

The following words and expressions shall have the following meanings:-

“Board”	the board of directors of the Company or a duly authorised committee thereof;
Commencement Date”	_____, 1999
Company”	Invesco Ltd.
“Control”	except where otherwise expressly stated, control within the meaning of Section 840 of the Income and Corporation Taxes Act 1988
“Deferral Notice”	a notice in writing from a Director to the Company, in the form annexed to these Rules, or in such other form as the Board may from time to time determine, relating to the Fees of a Fee Period commencing no less than one calendar month after the date of receipt of such notice by the Company;
“Deferred Proportion”	that proportion of any Director’s Fees as shall have been the subject of a Deferral Notice
“Director”	on any day on or after the Commencement Date, an individual who is a director of the Company;
“Fee Period”	the period 1 July 1999 to 31 December 1999, and thereafter any year ending 31 December, or such other period as the Board may from time to time determine;
“Fees”	fees for performing services in the capacity only of a Director;

“Participant”	any Director who shall have submitted a Deferral Notice;
“Plan”	the Invesco Deferred Fees Share Plan constituted by the Rules;
“Rules”	these Rules as from time to time amended;
“Separate from Service”:	“separation from service” with the Company as defined in Treas. Reg. 1.409A-1(h).
“Share”	a fully paid ordinary share in the capital of the Company;
“Taxes”	all forms of taxation whether of the United Kingdom or elsewhere wheresoever and whensoever imposed, (including, without limitation, income tax, inheritance tax and national insurance contributions) and all other statutory, governmental, state, provincial, local governmental or municipal impositions, duties, rates and levied and all penalties, charges, costs and interest relating to any such matters.

2. PURPOSE

These Rules constitute the Invesco Deferred Fees Share Plan.

3. DEFERRAL OF FEES

3.1 Before the beginning of any Fee Period, a Director may deliver a Deferral Notice to the Company relating to his Director’s fees which are attributable to services rendered as a Director during such Fee Period.

3.2 The Deferral Notice shall identify the Fee Period or Fee Periods (or shall be stated to operate in respect of an indefinite number of Fee Periods), and the proportion of the Director’s fees for that Fee Period or those Fee Periods, to which it relates.

3.3 The effect of a Deferral Notice shall be to vary the terms on which a Director is paid Fees for the relevant Fee Period or Fee Periods to which the Deferral Notice relates.

3.4 No Deferral Notice may be varied or withdrawn by a Director in relation to any Fee Period to which it relates less than one calendar month prior to the commencement of that Fee Period.

A Deferral Notice shall become irrevocable immediately upon the last date an election may be made with respect to Director's fees for the applicable Fee Period.

3.5 No Deferral Notice may be varied or withdrawn in respect of any Fee Period which shall have commenced.

3.6 The Company shall acknowledge receipt of a Deferral Notice and shall determine prior to the commencement of any Fee Period to which the Deferral Notice relates whether the Fees deferred shall be provided for only by crediting the same to a deferred fees account (an "Unfunded Deferral") or an amount equal to the Fees deferred shall be paid to a nominee, trustee or other custodian pending payment in accordance with the terms of the Deferral Notice (a "Funded Deferral").

3.7 All Fees the subject of a Deferral Notice delivered by a Director who is a United States taxpayer shall only be the subject of an Unfunded Deferral.

3.8 The aggregate amount of Fees payable to all Directors in any financial year of the Company, whether or not all or any of such Fees shall have been the subject of a Deferral Notice in any prior year, shall not exceed the limit set out from time to time in the articles of association of the Company.

4. ASSIGNMENT

No aspect of participation in the Plan may be assigned, charged or otherwise disposed of by a Participant.

5. PAYMENT OF THE DEFERRED FEES

5.1 Subject to Rule 5.4, the Deferred Proportion (or the sum then representing the Deferred Proportion, if different), including any dividend equivalents paid thereon, shall be paid to the Participant within ten working days of the date on which the Participant Separates from Service as a Director.

5.2 Payment may be made either in cash or in such readily realizable assets as the Board and the Participant may agree, and in the absence of agreement at the discretion of the Board.

5.3 In any case in which the Company shall issue Shares to a Participant, such Shares shall be paid up by the application of the Fees the subject of the relevant Deferral Notice.

5.4 In any year:

(a) Fees which shall not have been the subject of a Deferral Notice shall be paid before Fees which shall have been so subject;

- (b) Fees which shall have been the subject of an earlier Deferral Notice shall be paid before Fees which shall have been the subject of a later Deferral Notice; and,
- (c) to the extent that the payment, on any day, of Fees which shall have been the subject of a Deferral Notice would otherwise breach the limit in Rule 3.8 such Fees shall not be payable until they may be paid without giving rise to any such breach; and in the case of such Fees attributable to more than one Director the amount of such Fees shall be reduced pro-rata as between the Directors.

6. NOTICES

Any notice which the Board or any Director or Participant is required or may desire to give pursuant to these Rules shall be in writing and sufficiently given if delivered personally or sent first class through the post prepaid addressed to the Company Secretary, the Director or the Participant, as the case may be, at the Company's registered office or the Director's or Participant's address last known to the Company respectively and if so sent by post shall be deemed to have been duly delivered notwithstanding that he be then deceased (and whether or not the Company has notice of his death) except where his personal representatives have established their title to the satisfaction of the Company and supplied to the Company an address to which documents are to be sent.

7. EMPLOYMENT RIGHTS

- 7.1 This Plan shall not form part of any contract of employment between the Company and any Director.
- 7.2 Participation in the Plan shall be on the express condition that:
 - (a) neither it nor cessation of participation shall afford any individual under the terms of his office with the Company any additional or other rights to compensation or damages; and
 - (b) no damages or compensation shall be payable in consequence of the termination of such office or for any other reason whatsoever to compensate him for the loss of any rights the Participant would otherwise have had (actual or prospective) under the Plan howsoever arising but for such termination; and
 - (c) the Participant shall be deemed irrevocably to have waived any such rights to which he may otherwise have been entitled.

7.3 No individual shall have any claim against the Company arising out of his not being admitted to participation in the Plan which (for the avoidance of doubt) is entirely within the discretion of the Board.

7.4 No Participant shall be entitled to claim compensation from the Company in respect of any Fees deferred by him pursuant to the Plan or for any diminution or extinction of his rights or benefits (actual or otherwise) in connection with the Plan and the Company shall be entirely free to conduct its affairs as it sees fit without regard to any consequences under, upon or in relation to the Plan or any Participant.

8. TAXATION

The Company may make such provision for and take such action as may be considered by it to be necessary or expedient for the withholding or payment of any Taxes for it is properly accountable and whenever and wherever those Taxes are imposed provided those Taxes arise in respect of any payment or other benefit arising or deemed to arise to any Participant pursuant to these Rules including (but not limited to) (i) the withholding of funds or property (or any portion thereof) from any payment under these Rules or from any other payment to be made to the Participant or (ii) the cancellation of any such payment to the extent necessary to secure funds for the Company to discharge such Taxes for which it is properly accountable.

9. ADMINISTRATION AND AMENDMENT

9.1 The Plan shall be administered under the direction of the Board who may at any time and from time to time by resolution and without other formality amend or augment these Rules or the Plan PROVIDED THAT no amendment shall affect adversely any existing rights of Participants.

9.2 The Company shall bear the costs of setting up and administering the Plan.

9.3 The Company shall maintain for itself all necessary records relating to the Plan.

10. TERMINATION

The Plan may be terminated at any time by a resolution of the Board but any termination shall not affect rights existing prior to such termination.

11. GOVERNING LAW

The Plan shall be governed by and construed under English law. Any proceeding arising from or in connection with the Plan may be brought in any court of competent jurisdiction in England.

MASTER EMPLOYMENT AGREEMENT

This Amended and Restated Master Employment Agreement (this "Agreement") is made and entered into this 31st day of December, 2008 by and between Invesco Ltd. (hereinafter, the "Company"), Invesco Holding Company Limited (formerly "INVESCO PLC") and Mr. Martin L. Flanagan (hereinafter, "Executive"), to be effective as of the Effective Date, as defined in Section 1.

BACKGROUND

WHEREAS, Invesco Holding Company Limited and Executive are parties to a Master Employment Agreement (the "Original Employment Agreement") and a Global Partner Agreement (the "Global Partner Agreement"), both dated as of July 28, 2005;

WHEREAS, the parties now desire to enter into this Amended and Restated Master Employment Agreement that shall supersede the Original Employment Agreement; and

WHEREAS, the parties hereto desire to incorporate certain provisions of the Global Partner Agreement into this Agreement and terminate the Global Partner Agreement upon entering into this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date. The effective date of this amendment and restatement (the "Effective Date") is December 31, 2008, except as otherwise set forth herein.

2. Employment. Executive acknowledges and agrees to continue to serve as the President and Chief Executive Officer of the Company. In his capacity as President and Chief Executive Officer of the Company, Executive shall have the responsibilities listed on the Terms of Reference (attached hereto as Appendix A) for such position as provided in the Company's Corporate Governance Manual. Executive acknowledges that the Company may amend the Terms of Reference from time to time as the Board of Directors of the Company (the "Board") deems necessary or desirable in order to comply with applicable law, regulation, order, or written guidance issued by a governing authority, securities exchange or similar organization. In his capacity as President and Chief Executive Officer of the Company, Executive will report directly to the Board.

3. Employment Period. Unless earlier terminated herein in accordance with Section 6 hereof, Executive's employment hereunder shall be for a four-year term, commencing on August 1, 2005 (the "Employment Date"), subject to Section 10 of this Agreement (the "Initial Employment Period"); *provided, however*, that the term of employment shall be automatically extended beyond the Initial Employment Period, subject to the same terms, conditions and limitations as provided herein, for an additional

one year period on the fourth anniversary of the Employment Date and on each such anniversary date thereafter (each, an “Additional Term”) unless, not later than 90 days prior to any such anniversary, either party to this Agreement shall have given written notice to the other that Executive’s employment under this Agreement shall not be extended or further extended. The Initial Employment Period and the Additional Terms, if any, are hereinafter collectively referred to as the “Employment Period.”

4. Extent of Service . During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote his business time, attention, skill and efforts exclusively to the faithful performance of his duties hereunder; *provided, however* , that it shall not be a violation of this Agreement for Executive to (i) devote reasonable periods of time to charitable and community activities and, with the approval of the Board, industry or professional activities, and/or (ii) manage personal business interests and investments, so long as such activities do not interfere with the performance of Executive’s responsibilities under this Agreement. It is expressly understood and agreed that the continued conduct by Executive of such activities, as listed on Appendix B , shall not thereafter be deemed to interfere with the performance of Executive’s responsibilities hereunder.

5. Compensation and Benefits .

(a) Base Salary . During the Employment Period, the Company will pay to Executive base salary at the rate of U.S. \$790,000 per year (“Base Salary”), less normal withholdings, payable in equal monthly or more frequent installments as are customary under the Company’s payroll practices from time to time.

(b) Compensation . During the Employment Period, the following shall apply:

(i) Bonus Cash Compensation . During the Employment Period, Executive will have the opportunity, based on the achievement of certain performance criteria, as mutually determined by the Compensation Committee of the Company and Executive, to receive annual bonus cash compensation awards having a maximum value of U.S. \$4,750,000 per year (the “Reference Bonus”), appropriately pro-rated for any periods consisting of less than a full year.

(ii) Short- and Long-Term Equity Compensation . Executive received certain short- and long-term equity compensation awards pursuant to the Original Employment Agreement and nothing in this Agreement is intended to affect such awards. In addition, during the Employment Period, Executive will have the opportunity, based on the achievement of certain performance criteria, as mutually determined by the Compensation Committee of the Company and Executive, to receive annual short- and long-term equity compensation awards.

(c) Benefits .

(i) Incentive, Savings and Retirement Plans . During the Employment Period, Executive shall be eligible to participate in all incentive, savings and

retirement plans that are tax-qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and in all plans that are supplemental to any such tax-qualified plans, in each case to the extent that such plans are applicable generally to the most senior officers and employees of the Company based in the United States (the "US Senior Management") and subject to the terms and conditions thereof.

(ii) Executive Deferred Compensation. During the Employment Period, Executive will be eligible to participate in all aspects of the Company's deferred compensation program, including the deferral of salary, bonuses and other incentives, as in effect at any time during the Employment Period, as provided generally to other US Senior Management, and subject to the terms and conditions thereof.

(iii) Welfare Benefit Plans. During the Employment Period, Executive and/or Executive's spouse and dependant(s), as the case may be, shall be eligible for participation under all welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, vision, disability, salary continuance, group life and supplemental group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other US Senior Management, and subject to the terms and conditions thereof.

(iv) Fringe Benefits and Perquisites. During the Employment Period, Executive shall be eligible to receive fringe benefits and perquisites provided generally to other US Senior Management.

(v) Vacation. During the Employment Period, Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company provided generally to other US Senior Management.

(vi) Business Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the policies, practices and procedures of the Company applicable generally to other US Senior Management.

6. Termination of Employment.

(a) Death or Disability. Executive's employment hereunder shall terminate automatically upon Executive's death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive's employment hereunder. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the "Disability Effective Date"), *provided* that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "Disability" shall mean the inability of Executive, as determined by the Board in good faith, to perform the essential functions of his regular duties and

responsibilities, with reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of one hundred eighty (180) days in any twelve-month period. At the request of Executive or his personal representative, the Board's determination that the Disability of Executive has occurred shall be certified by two physicians mutually agreed upon by Executive or his personal representative, and the Company. In the event that such independent certification (if so requested by Executive) does not support the Board's determination that Executive is Disabled pursuant to the terms of this Agreement, Executive's termination shall be deemed a termination by the Company without Cause and not a termination by reason of his Disability.

(b) Termination by the Company. The Company may terminate Executive's employment hereunder during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Executive by the Compensation Committee of the Board of Directors of the Company which specifically identifies the manner in which such Committee believes that Executive has not substantially performed Executive's duties, or

(ii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially injurious to the Company, including, without limitation, any conviction of, or plea of nolo contendere to, a crime that constitutes a felony, or

(iii) the willful and continued material violation of written Company policies or procedures by Executive, after a written demand for substantial compliance with such policies or procedures is delivered to Executive by the Compensation Committee of the Board of Directors of the Company which specifically identifies the manner in which such Committee believes that Executive has not substantially complied with the same, or

(iv) Executive's bankruptcy or insolvency, or

(v) any act or omission by Executive which could lead to his being prohibited, pursuant to Section 9 of the Investment Company Act of 1940, from serving in the capacity provided for in this Agreement.

For purposes of this provision, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was legal, proper, and in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the

Company. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board of the Company at a meeting of such Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before such Board), finding that, in the good faith opinion of such Board, Executive is guilty of the conduct giving rise to Cause as defined above, and specifying the particulars thereof in detail.

(c) Termination by Executive. Executive's employment may be terminated by Executive for Good Reason or no reason. For purposes of this Agreement, "Good Reason" shall mean any of the following events occurring during the Employment Period:

(i) without the written consent of Executive, the assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the Employment Date, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by Executive;

(ii) a reduction by the Company of Executive's Base Salary as in effect on the Employment Date or as the same may be increased from time to time, a reduction by the Company of Executive's maximum achievable Reference Bonus, or failure of Executive to be eligible for short- or long-term equity compensation pursuant to the 2008 Global Equity Incentive Plan or any successor plan;

(iii) the Company's requiring Executive, without his consent, to be based at any office or location other than Atlanta;

(iv) any failure by the Company to comply with and satisfy Section 13(c) of this Agreement; or

(v) the failure of the Board to re-nominate Executive for election as a director of the Board from time to time during the Employment Period.

Good Reason shall not include Executive's death or Disability. The Company shall have an opportunity to cure any claimed event of Good Reason within 30 days after written notice from Executive. The Company shall notify Executive of the timely cure of any claimed event of Good Reason and the manner in which such cure was effected. In the event of such cure any Notice of Termination delivered by Executive based on such claimed Good Reason shall be deemed withdrawn and shall not be effective to terminate this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by Executive for Good Reason, shall be communicated by Notice of

Termination to the other party hereto given in accordance with Section 15(e) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specifies the termination date. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if Executive's employment is terminated other than by reason of death or Disability, the date of receipt of the Notice of Termination, or any later date specified therein; or (ii) if Executive's employment is terminated by reason of death or Disability, the Date of Termination will be the date of death or the Disability Effective Date, as the case may be.

(f) Cooperation. For the period beginning on Executive's Date of Termination and ending on the second anniversary thereof (the "Cooperation Period"), Executive agrees that he will cooperate with and provide assistance to the Company regarding any or all of the following, as long as said services to be rendered by Executive shall not materially impede his ability to meet any obligations or duties he may have with his then current employer or company: (i) the transition of ongoing matters relating to the business of the Company, as may be reasonably requested by the Company from time to time; (ii) any litigation or criminal, civil or administrative proceeding, whether currently pending or filed during the Cooperation Period, arising out of or relating to matters about which Executive has knowledge or in which Executive may be identified or called as a witness by any party; and (iii) such other services as the Company may reasonably request. Such cooperation and assistance includes, without limitation, attendance at meetings with Company representatives or the Company's legal counsel (or both) upon reasonable notice and at mutually convenient times and places, provision of complete and truthful information in response to any inquiries of the Company and/or its counsel, full disclosure and production of all documents and things that may be relevant to any such matters (regardless of any express inquiry by the Company or its counsel), and attendance as a witness at depositions, trials or similar proceedings upon reasonable advance notice. In no event shall Executive be required to provide services under this Section 6(f) at a level that would prevent a Separation from Service as defined in Section 15.

In consideration for Executive's services during the Cooperation Period, the Company shall pay Executive at an hourly rate of compensation commensurate with his Base Salary as of his Date of Termination for any services performed by Executive on behalf of the Company in connection with this Section 6(f). In addition to and notwithstanding the foregoing, the Company will reimburse Executive for all out-of-pocket expenses reasonably incurred by Executive in the performance of his duties hereunder during the Cooperation Period.

Executive shall immediately notify the Company of any formal or informal inquiry or request for information directed to Executive by any third-party that in any way relates to Executive's employment by the Company or any aspect of the Company's business operation.

7. Obligations of the Company upon Termination .

(a) Termination by Executive for Good Reason; Termination by the Company Other Than for Cause or Disability . If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause or Disability, or Executive shall terminate employment for Good Reason within a period of 90 days after the occurrence of the event giving rise to Good Reason, then the Executive shall be entitled to the payments and benefits described below in this Section 7(a), *provided* , Executive executes, and does not revoke, a General Release of all Claims in substantially the form used by the Company generally with respect to US Senior Management terminating employment under such conditions.

(i) The Company shall pay to Executive in a lump sum in cash within 30 days after the Date of Termination the sum of (1) Executive's Base Salary through the Date of Termination to the extent not theretofore paid, (2) any accrued vacation pay to the extent not theretofore paid, and (3) unless Executive has a later payout date required in connection with the terms of a deferral plan or agreement, any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) The Company shall pay to Executive, in a lump sum in cash 60 days after the Date of Termination the product of (x) three and (y) the sum of (A) the Base Salary, and (B) the Reference Bonus; and

(iii) Effective as of the Date of Termination, immediate vesting and exercisability of, and termination of any restrictions on sale or transfer (other than any such restriction arising by operation of law) with respect to, each and every stock option, restricted share award, restricted share unit award and other equity-based award and performance award issued to Executive and outstanding as of the Date of Termination; and

(iv) To the extent that Executive elects to continue medical benefits in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company shall provide continuation of medical benefits in effect as of the Date of Termination for Executive, his spouse and his covered dependents under the group health plan then in effect for US Senior Management for a period of 18 months following the Date of Termination, and, if so elected by Executive, for an additional period of 18 months after the expiration of such coverage period (the "Extended Coverage Period") or, at the Company's election, under a group or individual policy providing coverage that is substantially comparable to the coverage in effect as of the Date of Termination. The Executive shall be obligated to pay the fair market cost for

such coverage. Commencing the month after the Date of Termination, the Company shall pay to Executive, on a monthly basis in advance, an amount equal to 150% of the applicable monthly premium for COBRA coverage for the level of coverage in effect for Executive, his spouse and dependents as of the Date of Termination. The obligation of the Company to pay Executive such monthly amounts shall terminate at the end of the Extended Coverage Period, or if earlier, with respect to the month following the date Executive has obtained other employment if Executive and his dependents are covered by health care coverage provided by the new employer; and

(v) The Company shall pay to Executive in a lump sum in cash within 60 days after the Date of Termination an amount equal to the product of (x) Executive's Reference Bonus and (y) a fraction, the numerator of which is the number of days in the calendar year in which the Date of Termination occurs through the Date of Termination, and the denominator of which is 365 (the "Prorated Bonus"); and

(vi) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other vested amounts or benefits required to be paid or provided or which Executive is entitled to receive under any plan, program, policy or practice of the Company that is applicable to Executive by its terms (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

Notwithstanding any provision to the contrary contained herein or otherwise, the Company's obligation to continue to provide any of the benefits described above shall immediately cease and shall be permanently forfeited, if it is determined by a Court of competent jurisdiction that Executive has breached any of the restrictive covenants contained in Appendix C hereof.

(b) Death. If Executive's employment is terminated by reason of Executive's death during the Employment Period, the Company shall provide payment of Accrued Obligations, the Prorated Bonus and the timely payment or provision of Other Benefits. Accrued Obligations and the Prorated Bonus shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 7(b) shall include, without limitation, and Executive's estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death benefits, if any, as are applicable to Executive on the date of his death.

(c) Disability. If Executive's employment is terminated by reason of Executive's Disability during the Employment Period, the Company shall provide payment of Accrued Obligations, the Prorated Bonus and the timely payment or provision of Other Benefits. Accrued Obligations and the Prorated Bonus shall be paid to Executive in a lump sum in cash within 30 days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 7(c) shall include, without limitation, and Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits under such plans,

programs, practices and policies relating to disability, if any, as are applicable to Executive and his covered dependents on the Date of Termination.

(d) Cause or Voluntary Termination without Good Reason . If Executive's employment shall be terminated for Cause during the Employment Period, or if Executive voluntarily terminates employment during the Employment Period without Good Reason, Executive's employment under this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits.

(e) Indemnification . During the Employment Period, Executive will have the same director and officer liability insurance coverage as is provided generally to other US Senior Management and directors and shall be subject to the indemnity provisions of the Company's governing documents, which the Company intends to be the widest indemnity permitted under applicable law.

8. Non-exclusivity of Rights . Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Company and for which Executive may qualify, except as specifically provided herein. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program, except as explicitly modified by this Agreement.

9. Certain Additional Payments by the Company .

Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto), and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company's obligation to make the Gross-Up Payment under this Section 9 shall not be conditioned upon Executive's termination of employment.

Subject to the provisions of this Section 9, all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Company (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the receipt of notice from Executive or the Company that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for

the individual, entity or group effecting the Change of Control or the Accounting Firm declines or is unable to serve, Executive may appoint another nationally recognized certified public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Accounting Firm shall furnish Executive with a written opinion ("Opinion") that reporting an amount of Excise Tax or the failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment shall be remitted by the Company to the Internal Revenue Service or any other applicable taxing authority ("Taxing Authority") within five days of the receipt of the Accounting Firm's determination; provided that, the Gross-Up Payment shall in all events be paid no later than the end of Executive's taxable year after the Executive's taxable year in which the Excise Tax on a Payment is remitted to the applicable Taxing Authority. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to the provisions of this Section 9 and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than December 31 of the year after the year in which the Underpayment is determined to exist.

Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after Executive actually receives notice in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid; provided, however, that the failure of Executive to notify the Company of such claim (or to provide any required information with respect thereto) shall not affect any rights granted to Executive under this Section 9 except to the extent the Company is materially prejudiced in the defense of such claim as a direct result of such failure. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that the Company desires to contest such claim, Executive shall:

- (a) give the Company any information reasonably requested by the Company relating to such claim;
- (b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Company and reasonably acceptable to Executive;

(c) cooperate with the Company in good faith in order to effectively contest such claim;
and

(d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax, employment tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 9, the Company shall control all proceedings taken in connection with such contest and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided, however*, that, if the Company directs Executive to pay such claim and sue for a refund, the Company shall remit the amount of such payment the Taxing Authority on behalf of Executive as an additional payment (“Supplemental Payment”) (subject to possible repayment as provided in the next paragraph) an amount that will hold Executive harmless, on an after-tax basis, from any Excise Tax, employment tax or income tax (including interest or penalties with respect thereto) imposed with respect to such payment or with respect to any imputed income with respect thereto; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company’s control of the contest shall be limited to issues with respect to which a Gross-Up Payment or Supplemental Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

If, after the receipt by Executive of an amount provided by the Company pursuant to the foregoing provisions of this Section 9, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company complying with the requirements of this Section 9) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).

The following terms shall have the following meanings for purposes of this Section 9.

(i) “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to this Agreement or otherwise.

10. Representations and Warranties. Executive hereby represents and warrants to the Company that Executive is not a party to, or otherwise subject to, any covenant not to compete, or covenant not to solicit customers or clients, with any person or entity, and Executive's execution of this Agreement and performance of his obligations hereunder will not violate the terms or conditions of any contract or obligation, written or oral, between Executive and any other person or entity.

11. Restrictions on Conduct of Executive. The Company and Executive specifically acknowledge that Executive shall be required to comply with the restrictive covenants set forth in Appendix C hereof.

12. Assignment and Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

13. Full Settlement; Resolution of Disputes. The Company agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest by the Company, Executive or others as to the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any such payment pursuant to this Agreement), but only if Executive is the prevailing party on at least one material issue raised in the enforcement proceeding.

14. Miscellaneous.

(a) Waiver. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this

Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(b) Severability. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

(c) Entire Agreement; Termination of Global Partner Agreement. This Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and supersedes the Original Employment Agreement and any other agreement between the parties with respect to the subject matter hereof. The parties hereto specifically acknowledge and agree that the Global Partner Agreement is hereby terminated and of no further force or effect whatsoever.

(d) Governing Law. Except to the extent preempted by federal law, and without regard to conflict of laws principles, the laws of the State of Georgia shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

(e) Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered or three days after mailing if mailed, first class, certified mail, postage prepaid:

To Company: Invesco Ltd.
 1555 Peachtree Street NE
 Atlanta, GA 30309
 Attention: General Counsel

To Executive: Mr. Martin L. Flanagan
 700 Fairfield Road N.W.
 Atlanta, Georgia 30324

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

(f) Amendments and Modifications. This Agreement may be amended or modified only by a writing signed by the Company and Executive, which makes specific reference to this Agreement.

(g) Construction. Each party and his or its counsel have reviewed this Agreement and have been provided the opportunity to revise this Agreement and accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against any party.

15. Code Section 409A Compliance.

(a) Payment of Amounts and Benefits. Notwithstanding anything in this Agreement to the contrary, if and to the extent any amount or benefit (including equity awards) set forth in this Agreement constitutes non-exempt “deferred compensation” subject to Section 409A of the Code (“Section 409A”) and is payable or distributable by reason of Executive’s termination of employment, then such amount or benefit will be payable or distributable to Executive as follows:

(i) 60 days after the date that the Executive incurs a “separation from service” within the meaning of Section 409A (“Separation from Service”); or

(ii) if Executive is a Specified Employee as of his Separation from Service, then

(A) if the payment or distribution is payable in a lump sum, the earlier of Executive’s death or the first day of the seventh month following Executive’s Separation from Service, plus interest at the applicable federal rate; and

(B) if the payment or distribution is payable over time, the amount of such compensation that would otherwise be payable during the six-month period immediately following Executive’s Separation from Service will be accumulated and paid upon the earlier of Executive’s death or the first day of the seventh month following Executive’s Separation from Service, plus interest at the applicable federal rate, and the normal payment or distribution schedule for any remaining payments or distributions will resume.

A “Specified Employee” has the meaning given such term in Section 409A and shall be determined in accordance with rules adopted by the Board of Directors or a committee thereof, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company.

(b) Miscellaneous Provisions. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be subject to the following: (i) in no event shall reimbursements by the Company be made later than the end of the calendar year following the calendar year in which the applicable expenses and other amounts were incurred; (ii) the amount or benefits that the Company is obligated to pay or provide in any

given calendar year shall not affect the amount or benefits that it is obligated to pay or provide in any other calendar year; (iii) reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) the Company's obligations to make such reimbursements or provide such in-kind benefits shall apply until the later of the Executive's death (or if longer, through the 20th anniversary of the Effective Date).

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IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amended and Restated Master Employment Agreement as of the date first above written.

INVESCO LTD.

By:_____

Name: Rex D. Adams

Title: Chairman of the Board
of Directors

INVESCO HOLDING COMPANY LIMITED (f/k/a
“INVESCO PLC”)

By:_____

Name: Loren M. Starr

Title: Director

EXECUTIVE:

Martin L. Flanagan

Terms of Reference**Corporate Governance****Terms of Reference for the Chief Executive Officer****Authority and Reporting**

1. The Chief Executive Officer (“CEO”) is generally responsible for managing the business of Invesco Ltd. and its subsidiaries (collectively, the “Company”) and is accountable to and reports to the Board of Directors (the “Board”) of the Company with regard thereto.
2. The CEO has general supervision of the business of the Company and is responsible for all executive management matters affecting the Company. All members of executive management report, either directly or indirectly, to him.

Key Responsibilities

3. The CEO is responsible for conducting the affairs of the Company with the highest standards of integrity and probity and in compliance with all applicable laws, principles and rules of corporate governance, including the Company’s Articles of Association, its Corporate Governance Manual and the resolutions of the Board, as the same shall be in effect from time to time.
4. The CEO is responsible for proposing and developing the Company’s strategy and overall commercial objectives, which he does in close consultation with the Executive Management Committee, the Chairman of the Board of Directors (the “Chairman”) and the Board.
5. The CEO is responsible for ensuring that the Company has in place all necessary financial, operational and compliance controls and risk management systems.
6. The CEO is responsible - with the senior management team including the Executive Management Committee - for implementing the decisions of the Board and its committees.

Additional Responsibilities

Further, the CEO is responsible for:

7. Providing input to the Board’s agenda from himself and other members of senior management;
 8. Ensuring that he communicates with the Chairman on the important and strategic issues facing the Company, and proposing Board agendas to the Chairman which reflect these;
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9. Ensuring that the senior management team gives appropriate priority to providing reports to him and, where required, the Board which contain accurate, timely and clear information;
 10. Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, that he and the other members of senior management comply with the Board's approved procedures, including the schedule of Matters Reserved to the Board for its decision and the provisions of each Board committee's respective Terms of Reference;
 11. Providing information and advice on succession planning to the Chairman, the Nomination and Corporate Governance Committee and other members of the Board, in respect of executive directors and other members of senior management;
 12. Leading the communication program with shareholders;
 13. Ensuring that the development needs of the executive directors and other members of senior management reporting to him are identified and met;
 14. Ensuring that performance reviews for each of the executive directors and other members of senior management are carried out at least once a year and providing input to the wider Board evaluation process; and
 15. Performing such other duties and exercising such other powers as from time to time may be assigned to him by the Board.
-

Non-Exclusive List of Activities

[Atlanta Chamber of Commerce]

Carter Center

Commerce Club

Investment Company Institute

Southern Methodist University

Woodruff Arts Center

Confidential Information

A critical aspect of Executive's position is access to trade secret, proprietary, and confidential information. For example, Executive's knowledge of the exact amounts and holdings of Company-related investment positions is confidential. While some of that information may eventually be made public, the information is extremely sensitive and is to be treated as confidential until it is released. Likewise, computer models and programs developed by the Company or purchased by it are proprietary and confidential. Other information the Company possesses as trade secrets or confidential information include (without limitation) its marketing strategies, marketing plans, compensation arrangements, benefit plans, and ideas and inventions of its employees. (For purposes of this Appendix C, "Company" includes the subsidiaries and affiliates of the Company.)

These are simply examples of the types of information the Company considers trade secret and/or confidential. As time passes, the Company will no doubt develop new categories of information it considers trade secrets and/or confidential. As this occurs, the Company will identify such new categories of information and remind Executive of the obligation to treat it as confidential. The importance of all of the types of information identified here is that the Company's competitors do not have permitted access to this information and are thus unable to use it to compete with the Company. Accordingly, these types of information create a competitive advantage for the Company and are economically valuable. Thus, Executive agrees not to disclose or use any of the Company's trade secret and/or confidential information for Executive's own benefit or the benefit of anyone other than the Company, during Executive's employment and after the effective date of the termination of Executive's employment relationship with the Company.

Company Employees and Customers

Executive agrees that, in the event of the termination of the employment relationship between Executive and the Company, Executive will not solicit or hire any Company employees for a period of six (6) months after the effective date of the termination of Executive's employment relationship with the Company. Further, Executive agrees that Executive will not solicit the business relationships Executive developed or acquired while working for the Company for a period of six (6) months after the effective date of the termination of Executive's employment.

Inventions and Ideas

Since the Company is paying Executive for Executive's time and efforts, Executive agrees that all information, ideas, and inventions developed while employed by the Company related in any way to the Company's business, are the sole property of the Company. This includes all investment models, processes, and methodologies Executive develop while employed by the Company. Indeed, one of the reasons for Executive's employment is the creation of such ideas. This information is confidential and trade

secret information as discussed above. Executive understands that the Company may seek to patent or to obtain trademark or copyright protection related to such information, ideas, and inventions, and that, if necessary, Executive will assign any interest Executive may have in such information, ideas, and inventions Executive develops to the Company.

Return of Company Property

Upon the termination of Executive's employment, Executive agrees to return all property of the Company. To the extent such property is information of which Executive has detailed knowledge but no electronic or other documents containing such information, Executive agrees to itemize such information in writing for the Company prior to the effective date of the termination of Executive's employment.

LIST OF SUBSIDIARIES

1. 1371 Preferred Inc.
2. Absolute Recovery Advisors, L.P
3. Absolute Recovery LLC
4. AIM GP Canada Inc.
5. AMVESCAP Limited
6. AT Planning Services, Inc.
7. Atlantic Trust Group, Inc.
8. Atlantic Wealth Holdings Limited
9. Atlantic Wealth Management International Limited
10. Atlantic Wealth Management Limited
11. C M Investment Nominees Limited
12. Chancellor Citiventure 96 Partner (Cayman) Ltd
13. Coff Associates (Cayman) Limited
14. CPCO Associates (Cayman) Limited
15. Elliot Associates Limited
16. Finemost Limited
17. Fund Management Company
18. Huaneng Capital Services Corporation Ltd.
19. Huaneng Invesco WLR Investment Consulting Company Ltd.
20. HVB Immobilien Verwaltungs GmbH
21. HVH Immobilien und Beteiligungs GmbH
22. HVH USA, Inc.
23. ICE Lux HoldCo S.a.r.l.
24. Invesco (B.V.I.) Nominees Limited
25. Invesco (Cayman Islands) Ltd.
26. Invesco A I M Management Company Limited
27. Invesco Administration Services Limited
28. Invesco Agency Securities Inc.
29. Invesco Aim Advisors, Inc.
30. Invesco Aim Capital Management, Inc.
31. Invesco Aim Distributors, Inc.
32. Invesco Aim Global Holdings, Inc.
33. Invesco Aim Insurance Agency, Inc.
34. Invesco Aim Investment Services, Inc.
35. Invesco Aim Management Group, Inc.
36. Invesco Aim Private Asset Management, Inc.
37. Invesco Aim Retirement Services, Inc.
38. Invesco Asia Real Estate Feeder Fund I, Ltd
39. Invesco Asset Management (Bermuda) Ltd
40. Invesco Asset Management (Japan) Limited
41. Invesco Asset Management (Schweiz) AG
42. Invesco Asset Management Asia Limited
43. Invesco Asset Management Australia (Holdings) Ltd
44. Invesco Asset Management Deutschland GmbH
45. Invesco Asset Management Ireland Holdings Limited
46. Invesco Asset Management Ireland Limited
47. Invesco Asset Management Limited
48. Invesco Asset Management Österreich GmbH
49. Invesco Asset Management Pacific Limited
50. Invesco Asset Management SA
51. Invesco Asset Management Singapore Ltd
52. Invesco Australia Limited
53. Invesco Canada Holdings Inc.

55. Invesco CE Services SA
56. Invesco Continental Europe Holdings SA
57. Invesco Continental Europe Service Centre SA
58. Invesco Distributors, Inc.
59. Invesco Fund Managers Limited
60. Invesco Funds Group, Inc.
61. Invesco Global Asset Management (Bermuda) Limited
62. Invesco Global Asset Management (N.A.), Inc.
63. Invesco Global Asset Management Limited
64. Invesco Global Investment Funds Limited
65. Invesco Great Wall Fund Management Company Limited
66. Invesco Group Limited
67. Invesco Group Services, Inc.
68. Invesco GT Asset Management PLC
69. Invesco Holding Company Limited
70. Invesco Holding Germany Ltd & Co OHG
71. Invesco Holland B.V.
72. Invesco Hong Kong Limited
73. Invesco Hungary LLC
74. Invesco Inc.
75. Invesco Institutional (N.A.), Inc.
76. Invesco International (Southern Africa) Limited
77. Invesco International Holdings Limited
78. Invesco International Limited
79. Invesco International Nominees Limited
80. Invesco Investments (Bermuda) Ltd.
81. Invesco ITALIA Societa di gestione del risparmio - S.p.A.
82. Invesco Kapitalanlagegesellschaft mbH
83. Invesco Management GmbH
84. Invesco Management S.A.
85. Invesco National Trust Company
86. Invesco North American Group Limited
87. Invesco North American Holdings, Inc.
88. Invesco Pacific Group Limited
89. Invesco Pacific Holdings Limited
90. Invesco Pacific Partner Ltd.
91. Invesco Pension Trustees Limited
92. Invesco Perpetual Life Limited
93. Invesco Polska Spolka z ograniczona odpowiedzialnoscia (INVESCO Polska Sp.z.o.o.)
94. InvescoPowerShares Capital Management Ireland Limited
95. Invesco PowerShares Capital Management LLC
96. Invesco Private Capital Investments, Inc.
97. Invesco Private Capital Verwaltung GMBH
98. Invesco Private Capital, Inc.
99. Invesco Properties Limited
100. Invesco Real Estate Germany LLC
101. Invesco Real Estate GmbH
102. Invesco Real Estate Limited
103. Invesco Real Estate Management S.a.r.l.
104. Invesco Real Estate s.r.o.
105. Invesco Realty Asia I, Ltd
106. Invesco Realty, Inc.
107. Invesco Savings Scheme (Nominees) Limited
108. Invesco Senior Secured Management, Inc.
109. Invesco Services Ltd OHG
110. Invesco Taiwan Limited
111. Invesco Trimark Dealer Inc.

113. Invesco UK Holdings PLC
114. Invesco UK Limited
115. Invesco WLR Limited
116. Invesco WLR Private Equity Investment Management Limited
117. Investment Fund Administrators Limited
118. IRE (Cayman) Limited
119. IRE (China) Limited
120. IRE (Hong Kong) Limited
121. IRE Japan, Ltd
122. IVZ Callco Inc.
123. IVZ, Inc.
124. James Bryant Limited
125. PCM Properties LLC
126. Perpetual plc
127. Perpetual Portfolio Management Limited
128. Perpetual Unit Trust Management (Nominees) Limited
129. POCZTYLION - ARKA POWSZECHNE TOWARZYSTWO EMERYTALNE SPOLKA AKCYJNA
130. Ross Expansion Associates L.P.
131. Ross CG Management LP
132. Sermon Lane Nominees Limited
133. Sovereign G./P. Holdings Inc.
134. Stein Roe Investment Counsel, Inc.
135. Taiyo Fund Management Co. LLC
136. V.V. Edinburgh R.W. G.P. Limited
137. V.V. Epsom G.P. Limited
138. V.V. General Partner Limited
139. V.V. Glasgow (No.1) G.P. Limited
140. V.V. Glasgow G.P. Limited
141. V.V. Milton Keynes G.P. Limited
142. V.V. Nominees Limited
143. V.V. Northampton (No.2) G.P. Limited
144. V.V. Northampton G.P. Limited
145. V.V. Reading G.P. Limited
146. V.V. Real Property G.P. Limited
147. V.V. Real Property Nominees Limited
148. V.V. Redhill G.P. Limited
149. V.V. Slough G.P. Limited
150. V.V. Soho G.P. Limited
151. V.V. Stockton G.P. Limited
152. V.V. Watford G.P. Limited
153. VV CR 1s.r.o.
154. VV Hungaria 1Kft.
155. VV Immobilien Verwaltungs GmbH
156. VV Immobilien Verwaltungs und Beteiligungs GmbH
157. VV Poland 1 sp.z.o.o.
158. VV USA LLC
159. W.L. Ross & Co. (India) LLC
160. W.L. Ross M & T, LLC
161. W.L. Ross & Co., LLC
162. WLR China Energy Associates Ltd
163. WLR Euro Wagon Management Ltd.
164. WL Ross (India) Private Limited
165. WL Ross Dip Management LLC

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-103609) pertaining to the AMVESCAP Executive Share Option Scheme, in the Registration Statement (Form S-8 No. 333-98037) pertaining to the AMVESCAP Sharesave Plan, in the Registration Statement (Form S-8 No. 333-11596) pertaining to the AMVESCAP Sharesave Plan, in the Registration Statement (Form S-8 No. 333-11428) pertaining to the AMVESCAP 401(k) Plan, in the 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, in the Registration Statement (Form S-8 No. 333-8962) pertaining to the AMVESCAP Global Stock Plan, Executive Share Option Scheme and the AIM Option Plans, and in the Registration Statement (Form S-8 No. 333-150970) pertaining to the Invesco Ltd. 2008 Global Equity Incentive Plan, of our reports dated February 25, 2009, with respect to the consolidated financial statements of Invesco, Ltd. and the effectiveness of internal control over financial reporting of Invesco Ltd., included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 25, 2009

**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 27, 2009

/s/ Martin L. Flanagan
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 27, 2009

/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, 2008 (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 27, 2009

/s/ Martin L. Flanagan
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, 2008 (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 27, 2009

/s/ Loren M. Starr
Loren M. Starr
Senior Managing Director and Chief Financial
Officer