

INVESCO LTD.

FORM 10-K (Annual Report)

Filed 02/26/10 for the Period Ending 12/31/09

Address	1555 PEACHTREE STREET NE SUITE 1800 ATLANTA, GA 30309
Telephone	404-892-0896
CIK	0000914208
Symbol	IVZ
SIC Code	6282 - Investment Advice
Industry	Investment Services
Sector	Financial
Fiscal Year	12/31

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

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	Name of Exchange on Which Registered
Common Shares, \$0.20 par value per share	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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, 2009, the aggregate market value of the voting stock held by non-affiliates was \$7.3 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, 2010, the number of Common Shares outstanding was 431,677,226.

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, 2009.

TABLE OF CONTENTS

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

	<u>Page</u>
Special Cautionary Note Regarding Forward-Looking Statements	3
PART I	
Item 1. Business	4
Item 1A. Risk Factors	11
Item 1B. Unresolved Staff Comments	20
Item 2. Properties	20
Item 3. Legal Proceedings	20
Item 4. Submission of Matters to a Vote of Security Holders	20
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21
Item 6. Selected Financial Data	24
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	25
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	56
Item 8. Financial Statements and Supplementary Data	60
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	115
Item 9A. Controls and Procedures	115
Item 9B. Other Information	116
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	117
Item 11. Executive Compensation	118
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	118
Item 13. Certain Relationships and Related Transactions, and Director Independence	119
Item 14. Principal Accountant Fees and Services	119
PART IV	
Item 15. Exhibits and Financial Statement Schedules	120
EX-4.8	
EX-4.8	
EX-4.10	
EX-10.1	
EX-21	
EX-23.1	
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-101 INSTANCE DOCUMENT	
EX-101 SCHEMA DOCUMENT	
EX-101 CALCULATION LINKBASE DOCUMENT	
EX-101 LABELS LINKBASE DOCUMENT	
EX-101 PRESENTATION LINKBASE DOCUMENT	
EX-101 DEFINITION LINKBASE DOCUMENT	

SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

PART 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 investment products for retail, institutional and high-net-worth clients around the world. Operating in 20 countries, Invesco had \$423.1 billion in assets under management (AUM) as of December 31, 2009.

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 take into consideration longer-term investment performance (e.g., three-year and five-year performance) in their selection of investment product and manager recommendations to their customers, although shorter-term performance may also be an important consideration. Third-party ratings may 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 focuses on four key strategic priorities that are designed to further 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 further 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.

Over the past four years, Invesco has taken a number of steps to leverage the individual strengths of our distinct investment centers and present the organization as a single firm to our clients around the world. 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

The global economic recession, the general weakening of government, agency and corporate credit, the dissolution and strategic redirection of certain large financial institutions, and the market volatility over the past two years has had a significant impact on our industry. These factors, among others, created a unique competitive opportunity for few investment management firms that were able to deliver superior relative investment performance, maintain their corporate financial strength, and remain intensely focused on their clients. We believe Invesco was one of these few firms that was able to emerge from this challenging economic and market environment in an improved competitive position.

Several investment, credit, and liquidity issues affected many key competitors within the asset management industry, including significant economic and reputational exposure to asset-backed securities, illiquid credit derivatives, structured investment vehicles (SIVs), auction rate preferred shares, hedge funds that were effectively operating as Ponzi schemes, and securities lending programs that lost value. Invesco had little to no exposure to such factors. Furthermore, while some competitors were withdrawing from the marketplace, we were meeting regularly with clients, helping them navigate the difficult markets and sharing solutions to meet their long-term investment needs. That enhanced visibility allowed us to deepen our existing relationships and foster new ones, putting us in a strong position as clients began returning to the markets.

Invesco's commitment to our multi-year strategy set a firm foundation for the company's many achievements during 2009, including:

- Relative investment performance remained strong across the enterprise in 2009, with 69% of assets performing ahead of peers on a 3-year basis at year end;
- Maintaining the number one position for Invesco Perpetual in the U.K. for retail assets under management, with record net inflows, particularly in fixed income, and strong investment performance;
- Positive fund flows for the year and record fixed income assets under management for Invesco Aim;
- Selection by the U.S. Treasury, among only eight asset managers, to participate in the Public-Private Investment Program (PPIP);

Table of Contents

- Launch of our mortgage REIT, Invesco Mortgage Capital, Inc. (IVR), an IPO which raised \$200 million in equity. In January 2010, Invesco Mortgage Capital raised an additional \$170 million;
- 75% of Invesco Fixed Income AUM above benchmark on a 3-year basis at year end, further building our reputation as a “safe hands” manager during a volatile time in the markets;
- Successful launch of a \$540 million Chinese equity fund in Japan, which was the third largest onshore China product offering in the local market;
- Industry recognition of our Asian investment teams, including best equity group award for our China joint venture;
- Continued strong flows at Invesco PowerShares, and the launch of intelligent exchange-traded funds (ETFs) to Canadian investors through an innovative suite of mutual funds;
- Extended leadership position of the team at W.L. Ross & Co. with their unique investment discipline and ability to capture distressed market opportunities;
- Continued growth of Invesco’s Hyderabad, India, facility, which was launched early in 2007 utilizing an outsourcing model commonly referred to as “build/operate/transfer.” The facility provides cost-effective support for our operations, technology and finance groups, and is now firmly established with an outsourced staff of more than 400. At such time that formal transfer of control of the facility moves to Invesco (expected to occur within the next 18 months), the current staff will become Invesco employees and will be added to Invesco’s headcount.

Together, these efforts resulted in positive net flows for our business in each quarter of 2009. At the same time, reflecting the decline in global markets and resulting decline in the company’s assets under management, operating margin and net operating margin decreased to 18.4% and 25.9% in 2009, respectively, from 22.6% and 31.6% in 2008, respectively. (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.

We continued to execute on our long-term strategy, making disciplined capital and resource allocation decisions in a challenging environment, which we believe further improved our ability to serve our clients, reinforced our reputation as one of the premiere global asset managers, and helped to deliver competitive levels of operating income and margins as we progressed through the year. In addition, we took steps to further strengthen our financial position and augment our capital flexibility through a successful capital raise and a new credit facility. We retain a positive outlook by S&P and stable outlook with Moody’s.

Perhaps the most visible of our accomplishments in 2009 was our announcement in October that we are acquiring Morgan Stanley’s retail asset management business, including Van Kampen. The combination of our organizations has tremendous implications for Invesco’s business when the transaction closes in mid-2010. Through this transaction, we expect to expand the depth and breadth of our investment strategies, strengthen our overall distribution capabilities and greatly enhance our ability to serve clients, both in the U.S. and globally. The planned acquisition provided Invesco the opportunity to review its overall branding approach in the U.S. Under the new approach, beginning April 30, 2010, Invesco Aim will be rebranded as Invesco and AIM funds will be rebranded with the Invesco name (e.g., AIM Charter Fund will become Invesco Charter Fund). In addition, after the close of the transaction, Invesco will be added to the Van Kampen open-end fund names (e.g., Van Kampen Comstock Fund will become Invesco Van Kampen Comstock Fund), and Invesco will rebrand the Morgan Stanley products that are included in the transaction (e.g., Morgan Stanley Special Value Fund will become Invesco Special Value Fund).

Certain Demographic and Industry Trends

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

- There is an increasing number of investors who seek external professional advice and investment managers to help them reach their financial goals.

- As the “baby boomer” generation continues to mature, there is an increasingly large segment of the world population that is reaching retirement age. Economic growth in emerging market countries has created a large and rapidly expanding global middle class and high net worth population with accelerating levels of wealth. As a result, globally, there is a high degree of demand for an array of investment solutions that span investment capabilities, with a particular emphasis on savings vehicles for retirement. We believe Invesco, as one of the few, truly global, independent investment managers is very well-positioned to attract these retirement assets through its enduring products that are focused on long-term investment performance,
- 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 a comprehensive range of investment capabilities managed by distinct investment teams worldwide, is well-positioned to benefit from this trend.

Our four strategic priorities and 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, 2009, Invesco managed \$423.1 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 comprehensive 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 believe that the proven strength of our distinct and globally located investment centers and their well-defined investment disciplines provide us with a competitive advantage in the eyes of many of our clients. There are few independent investment managers with teams as globally diverse as Invesco’s and with the same breadth and depth of investment capabilities and products. We offer multiple investment objectives within the various asset classes and products that we manage. Our asset classes, broadly defined, include money market, fixed income, balanced, equity and alternatives. Approximately 41% of our AUM as of December 31, 2009, was invested in equities (December 31, 2008: 36% in equities), with the balance invested in fixed income and other securities.

Table of Contents

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

Objectives by Asset Class

<u>Money Market</u>	<u>Fixed Income</u>	<u>Balanced</u>	<u>Equity</u>	<u>Alternatives</u>
Prime	Convertibles	Single Country	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	Target Date	Mid Cap Core	Global REITS
Taxable	Government Bonds	Target Risk	Mid Cap Growth	U.S. Direct Real Estate
	High-Yield Bonds		Mid Cap Value	European Direct Real Estate
	Bank Loans		Large Cap Core	Asian Direct Real Estate
	Passive/Enhanced		Large Cap Growth	Private Capital Direct Investments
	Intermediate Term		Large Cap Value	Private Capital Fund of Funds
	International/Global		Enhanced Index Quantitative	Private Capital Distressed
	Municipal Bonds		Sector Funds	Portable Alpha
	Short Term		International	Alternative Beta
	Stable Value		Global	GTAA/Global Macro
	Structured Securities (ABS, MBS, CMBS)		Regional/Single Country	
	Investment Grade Credit			

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

Investment Vehicles by Distribution Channel

<u>Retail</u>	<u>Institutional</u>	<u>Private Wealth Management</u>
Mutual Funds	Institutional Separate Accounts	Separate Accounts
Investment Companies with Variable Capital	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	

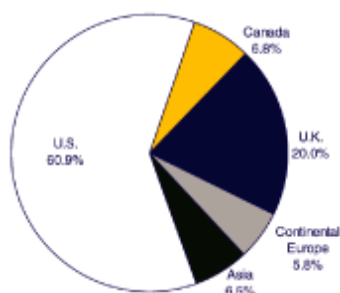
Table of Contents

One of Invesco's greatest competitive strengths is the diversification in our AUM by client domicile, distribution channel and asset class. Our distribution network has gathered assets of approximately 49% retail, 47% institutional, and 4% Private Wealth Management clients. 39% 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, 2009:

AUM Diversification

By Client Domicile

(\$ billions)		1-Yr Change
U.S.	\$257.7	10.8%
Canada	\$29.0	20.3%
U.K.	\$84.5	49.0%
Continental Europe	\$24.4	8.9%
Asia	\$27.5	27.9%
Total	\$423.1	18.4%



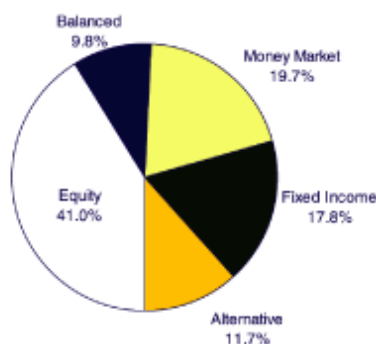
By Distribution Channel

(\$ billions)		1-Yr Change
Retail	\$206.9	38.6%
Institutional	\$201.0	3.3%
PWM	\$15.2	14.3%
Total	\$423.1	18.4%



By Asset Class

(\$ billions)		1-Yr Change
Equity	\$173.4	35.9%
Balanced	\$41.5	26.5%
Money Market	\$83.5	(0.8)%
Fixed Income	\$75.2	22.3%
Alternative	\$49.5	(3.1)%
Total	\$423.1	18.4%



See Part II, Item 8, "Financial Statements and Supplementary Data — Note 12, Geographic Information," for a geographic breakdown of our consolidated operating revenues for the years ended December 31, 2009, 2008 and 2007.

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 investment management teams manage assets of \$206.9 billion as of December 31, 2009. 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.K., U.S. and Canadian retail operations rank among the largest by AUM in their respective markets. As of December 31, 2009, Invesco Perpetual was the largest retail fund provider in the U.K., Invesco Aim was the 15th largest non-proprietary mutual fund complex in the U.S., and Invesco Trimark was the 9th largest retail fund manager in Canada, and in addition, Invesco Great Wall, our joint venture in China was one of the largest Sino-foreign managers of equity products in China, with AUM of approximately \$8 billion as of December 31, 2009. Invesco PowerShares adds a leading set of ETF products (with \$15 billion in AUM and 120 exchange-traded funds as of December 31, 2009) to the extensive choices we make available to our retail investors. We believe that we provide our retail clients with one of the industry’s most robust and comprehensive product lines.

Institutional

We provide investment solutions to institutional investors globally, with a major presence in the U.S., U.K., Continental Europe and Asia-Pacific regions through Invesco and Invesco Aim (\$201.0 billion in AUM as of December 31, 2009). We offer a broad suite of domestic and global products, including traditional equities, structured equities, fixed income (including money market funds for institutional clients), real estate, private equity, distressed equities, financial structures, and absolute return strategies. Regional sales forces distribute our products and provide services to clients and intermediaries around the world. We have a diversified client base that includes major public entities, corporations, unions, non-profit organizations, endowments, foundations and financial institutions. Clients of Invesco Aim’s institutional money market funds included 20 of the 25 largest commercial banks in the U.S., 11 of the 20 largest global banks, and 10 of the Fortune 20 corporations as of December 31, 2009.

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 use 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 managed \$15.2 billion as of December 31, 2009.

Employees

As of December 31, 2009, we had 4,890 employees across the globe. As of December 31, 2008 and 2007, we had 5,325 and 5,475 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. Lastly, we believe continued execution against our multi-year strategy will further strengthen our long-term competitive position.

Management Contracts

We derive substantially all of our revenues from investment management contracts with clients and funds. 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, retail 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 with very short-notice periods.

Available Information

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

The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, at www.sec.gov. 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. While these disruptions moderated to some extent following the March 2009 lows in equity markets, historical norms have not returned and the potential for extreme disruptions remains. 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 volatility of global market conditions around the world has resulted, and may continue to result, in significant volatility in our assets under management and in our revenues, driven by market value fluctuations on our managed portfolios.
- In addition to the impact of the market values on 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 do not guarantee such level. Market conditions could lead to severe liquidity issues in money market products, which could affect their NAVs. If the NAV of one of our money market funds were to decline below \$1.00 per share, such funds could experience significant redemptions in assets under management, loss of shareholder confidence and reputational harm. The SEC has recently adopted new rules governing U.S. registered money market funds. These new rules are designed to significantly strengthen the regulatory requirements governing money market funds, increase the resilience of such funds to economic stresses, and reduce the risk of runs on these funds. Regulators in the U.S. are evaluating whether to propose mandating a variable ("floating") NAV for money market funds. The company believes such a change would have significant adverse consequences on the money market funds industry and the short-term credit markets.
- 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 further significant 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 41% of our total assets under management were invested in equity securities and approximately 59% were invested in fixed income and other securities at December 31, 2009. 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, 2010, was \$412.6 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, 2009, the company had \$151.8 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 fund 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 \$17.9 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 operate in an industry that is highly regulated in many 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, 2009, the European sub-group had cash and cash equivalent balances of \$333.5 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 dividends to the parent company, Invesco Ltd. 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. While many of these proposals are designed to address perceived problems in the banking sector, certain of the proposals could be applied to other financial services companies, including asset managers. Potential developments include:

- Expanded prudential regulation over investment management firms.
- New or increased capital requirements and related regulation (including new capital requirements pertaining to money market funds)
- Fundamental change to the regulation of money market funds in the U.S. The SEC has recently proposed changes to Rule 2a-7, the primary securities regulation governing U.S. registered money market funds. The SEC has recently adopted new rules governing U.S. registered money market funds. These new rules are designed to significantly strengthen the regulatory requirements governing money market funds, increase the resilience of such funds to economic stresses, and reduce the risk of runs on these funds. Regulators in the U.S. are evaluating whether to propose mandating a variable ("floating") NAV for money market funds. The company believes such a change would have significant adverse consequences on the money market funds industry and the short-term credit markets.
- Changes impacting certain other products or markets (e.g., retirement savings).
- Enhanced licensing and qualification requirements for key personnel.
- Other additional rules and regulations and disclosure requirements. Certain proposals would impose additional disclosure burdens on public companies, including Invesco. Certain of these proposals could impose requirements for more widespread disclosures of compensation to highly-paid individuals. Depending upon the scope of any such requirements, the company could be disadvantaged in retaining key employees vis-à-vis private companies, including hedge fund sponsors.
- 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. Moreover, such changes could require us to modify our strategies, businesses or operations, and we may incur other new constraints or costs in order to satisfy new regulatory requirements or to compete in a changed business environment.

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

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.

The U.S. Supreme Court is expected to reach a decision in the case of *Jones v. Harris* during its current term, which is scheduled to end in June 2010. That case involves the interpretation of Section 36(b) of the Investment Company Act of 1940, as amended. Section 36(b) grants private parties the right to sue to challenge fees paid by mutual funds to their investment advisers. Depending on the nature and scope of the Court's ruling, the mutual fund industry in the U.S. could face additional litigation defense costs, new compliance costs and additional pressure on mutual fund fees.

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.

In 2009, we saw several instances of industry consolidation, both in the area of distributors and manufacturers of investment products. Further consolidation may occur in these areas in the future, particularly if the economic environment and the financial markets remain uncertain and volatile. The increasing size and market influence of certain distributors of our products and of certain

direct competitors may have a negative impact on our ability to compete at the same levels of profitability in the future, should we find ourselves unable to maintain relevance in the markets in which we compete.

We may engage in strategic transactions that could create risks.

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 pursue such transactions, be successful in negotiating the required agreements, or successfully close transactions after signing such agreements.

On October 19, 2009, we announced that the company had entered into a definitive agreement to acquire Morgan Stanley's retail asset management business, including Van Kampen Investments. The transaction was valued at \$1.5 billion (subject to adjustment), consisting of payments by Invesco of \$500.0 million in cash, for which we expect to use available cash balances and borrowings under our credit facility, and an aggregate of approximately 44.1 million Invesco common shares and non-voting common equivalent preferred shares, which will result in Morgan Stanley obtaining an approximately 9.3% equity interest in our company. The transaction has been approved by the boards of directors of both companies and is expected to close in mid-2010, subject to customary regulatory, client and fund shareholder approvals. As a result of this transaction, and until the time of the deal closing, contractual limitations are in place with respect to our issuing or repurchasing our common shares (other than those related to employee compensation plans), and we are also unable to declare or pay any extraordinary dividends.

The aggregate amount of approximately 44.1 million Invesco common shares and non-voting common equivalent preferred shares (with economic rights identical to common stock, other than no right to vote such shares,) that we expect to issue to Morgan Stanley in exchange for their asset management business upon closing the transaction are largely unrestricted. Since no "lock up" exists, Morgan Stanley may sell these shares in the open market or through a secondary offering subject to certain limited restrictions. If Morgan Stanley were to sell their future equity stake in Invesco, or express an intention to sell the stake, after the close, this may have a significant impact on the company's stock price.

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

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

Our access to the capital markets, 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. Standard & Poor's has a "positive" outlook for the rating, and Moody's has 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 level of indebtedness, our risk appetite and approach to risk management, our ability to maintain consistent positive investment, the profitability of our business under a sustained downturn scenario, and integration risk related to the pending acquisition of Morgan Stanley's retail asset management business. 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 rating or outlook, 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, limit our access to the capital markets, and may result in outflows thereby reducing AUM and revenues. The continuing 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 indebtedness could adversely affect our financial position.

As of December 31, 2009, we had outstanding total debt of \$745.7 million and shareholders' equity of \$6,912.9 million. The amount of indebtedness we carry could limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, increase our vulnerability to adverse economic and industry conditions, limit our flexibility in planning for, or reacting to, changes in our business or industry, and place us at a disadvantage in relation to our competitors. Any or all of the above factors could materially adversely affect our financial position.

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, as well as maintaining a minimum amount of long-term assets under management. 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 long-term assets under management or 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 some consolidation of banks and broker-dealers, particularly in the U.S., and a limited amount of migration of brokers and financial advisors away from major banks to independent firms focused largely on providing advice. If these trends continue, our distribution costs could increase as a percentage of our revenues generated. Additionally, particularly outside of the U.S., certain of the intermediaries upon whom we rely to distribute our investment products also sell their own competing proprietary funds and investment products, which could limit the distribution of our products. Increasingly, investors, particularly in the institutional market, rely on external consultants and other unconflicted third parties for advice on the choice of investment manager. These consultants and third parties tend to exert a significant degree of influence and they may favor a competitor of Invesco 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 and the consultant community would impair our ability to sell our products, which in turn could have a negative effect on our revenues and profitability.

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

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

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

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

The ability to consistently and reliably obtain accurate securities pricing information, process client portfolio and fund shareholder transactions and provide reports and other customer service to fund shareholders and investors in other accounts managed by us is essential to our continuing success. In recent periods, illiquid markets for certain types of securities have required increased use of fair

value pricing, which is dependent on certain subjective judgments. 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 \$6,467.6 million at December 31, 2009 (2008: \$5,966.8 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. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Goodwill” for additional details of the company’s goodwill impairment analysis process.

Implementation of new accounting rules in our Consolidated Financial Statements could result in investor confusion or potential deficiencies in internal controls over financial reporting.

In June 2009, the Financial Accounting Standards Board issued Statement No. 167, “Amendments to FASB Interpretation No. 46(R)” (FASB Statement No. 167), now encompassed in Accounting Standards Codification Topic 810, “Consolidation.” FASB Statement No. 167 is effective January 1, 2010, and its adoption will be reflected in our first quarter 2010 Form 10-Q. The adoption of FASB Statement No. 167 will have a significant impact on the presentation of our financial statements, as it will require us to consolidate, for the first time, certain collateralized loan and debt obligation products (CLOs) with approximately \$6 billion in AUM at December 31, 2009, into our financial statements. As a result, the company’s Consolidated Statement of Income will reflect the elimination of management and performance fees earned from these CLOs. In addition, FASB Statement No. 167 will require that our Consolidated Balance Sheet reflect the collateral assets held and non-recourse debt issued by these CLOs, despite the fact that the

assets cannot be used by the company, nor is the company obligated for the debt. In addition, the new rules will require our Consolidated Cash Flow Statement to reflect the cash flows of the CLOs. The adoption of FASB Statement No. 167 in the company's financial statements could have an impact on users' analyses of our underlying results of operations, financial position, or liquidity. As a result, external credit rating agencies or analysts could report information not reflective of the underlying financial condition of the company.

Deficiencies in internal controls over financial reporting could result, as the financial information of the funds required to be consolidated do not form part of the company's financial reporting systems and processes.

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 in 2003 and 2004, 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 in 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, 2010, there were approximately 7,227 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.

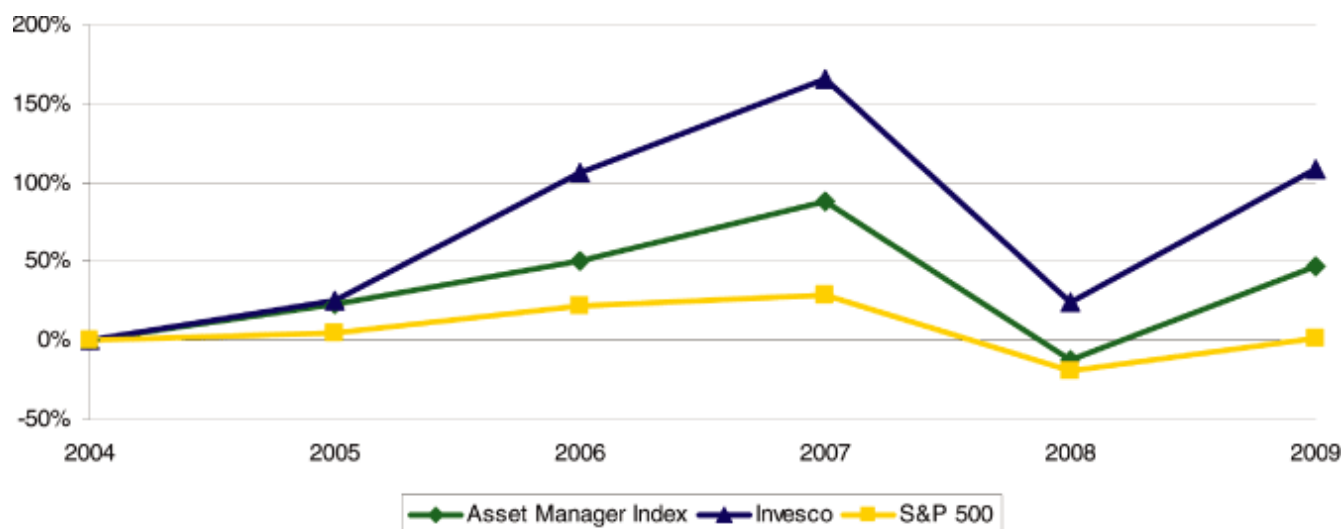
The following table sets forth, for the periods indicated, the high and low reported share prices on the New York Stock Exchange, based on data reported by Bloomberg.

	Invesco Ltd. Common Shares (or equivalent)		
	High	Low	Dividends Declared*
2009			
Fourth Quarter	\$23.97	\$20.04	\$0.1025
Third Quarter	\$23.00	\$15.72	\$0.1025
Second Quarter	\$18.73	\$13.60	\$0.1025
First Quarter	\$15.00	\$ 9.51	\$ 0.10
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	\$ 0.22

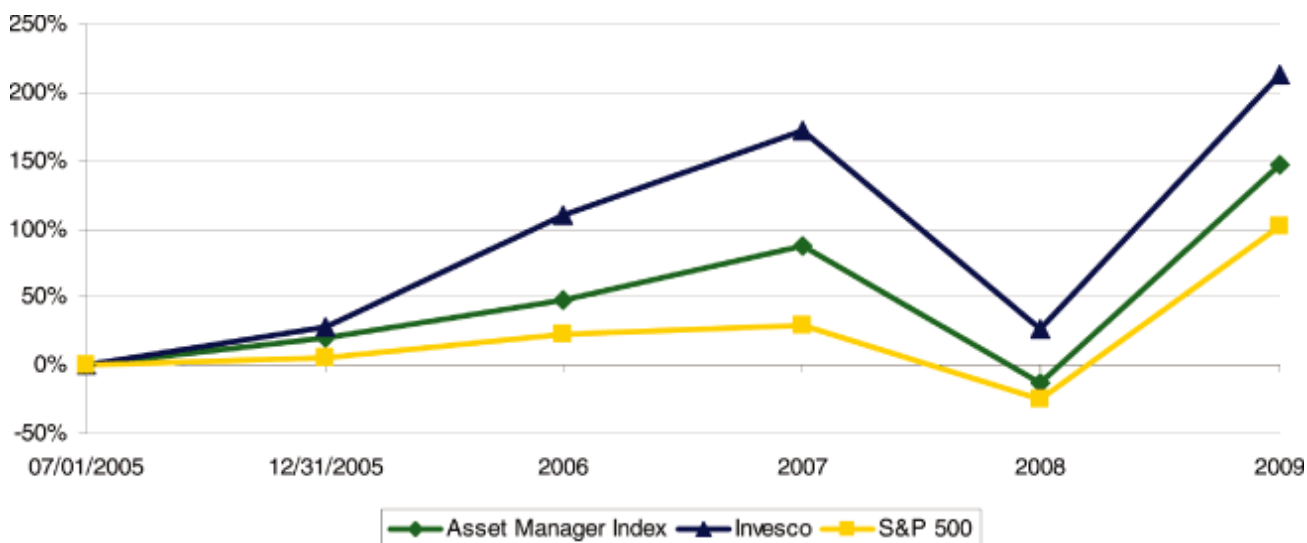
* Dividends declared represent amounts declared in the current quarter but are attributable to the prior fiscal quarter, with the exception of the \$0.22 per share dividend declared in the first quarter of 2008. This dividend was attributable to the second half of 2007 and was declared when the company formerly declared semi-annual dividends prior to its redomicile discussed above.

Table of Contents

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, 2009, 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

Invesco declares and pays dividends on a quarterly basis in arrears. On October 16, 2009, the company declared a third quarter cash dividend of \$0.1025 per Invesco Ltd. common share, which was paid on December 2, 2009, to shareholders of record as of November 18, 2009. On January 27, 2010, the company declared a fourth quarter 2009 cash dividend of \$0.1025 per Invesco Ltd. common share, which will be paid on March 10, 2010, to shareholders of record as of February 23, 2010.

The total dividend attributable to the 2009 fiscal year of \$0.41 per share represented a 2.5% increase over the total dividend attributable to the 2008 fiscal year of \$0.40 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 during the three months ended December 31, 2009:

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 at end of period (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
October 1-31, 2009	157,695	\$22.97	—	\$1,360,608,682
November 1-30, 2009	8,720	\$21.15	—	\$1,360,608,682
December 1-31, 2009	7,346	\$23.49	—	\$1,360,608,682

(1) An aggregate of 173,761 restricted share awards were surrendered to us by Invesco employees to satisfy tax withholding obligations or loan repayments in connection with the vesting of equity awards.

(2) On April 23, 2008, our board of directors authorized a new share repurchase authorization of up to \$1.5 billion of our common shares with no stated expiration date.

Item 6. Selected Financial Data

The following tables present selected consolidated financial information for the company as of and for each of the five fiscal years in the period ended December 31, 2009. 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,				
	2009	2008	2007	2006	2005
Operating Data:					
Operating revenues	2,627.3	3,307.6	3,878.9	3,246.7	2,872.6
Net revenues*	1,978.7	2,489.4	2,888.4	2,428.0	2,166.6
Operating income	484.3	747.8	994.3	759.2	407.9
Net operating income*	512.7	787.5	1,039.8	762.1	407.9
Operating margin	18.4%	22.6%	25.6%	23.4%	14.2%
Net operating margin*	25.9%	31.6%	36.0%	31.4%	18.8%
Net income/(loss) attributable to common shareholders	322.5	481.7	673.6	482.7	219.8
Per Share Data:					
Earnings per share:					
-basic	0.77	1.24	1.68	1.22	0.55
-diluted	0.76	1.21	1.64	1.19	0.54
Dividends declared per share	0.4075	0.520	0.372	0.357	0.330
Balance Sheet Data:					
Total assets	10,909.6	9,756.9	12,925.2	12,228.5	10,702.7
Total debt	745.7	1,159.2	1,276.4	1,279.0	1,220.0
Total equity attributable to common shareholders	6,912.9	5,689.5	6,590.6	6,164.0	5,529.8
Total equity	7,620.8	6,596.2	7,711.8	7,668.6	6,730.6
Other Data:					
Ending AUM (in billions)	\$ 423.1	\$ 357.2	\$ 500.1	\$ 462.6	\$ 386.3
Average AUM (in billions)	\$ 388.7	\$ 440.6	\$ 489.1	\$ 424.2	\$ 377.6
Headcount	4,890	5,325	5,475	5,574	5,798

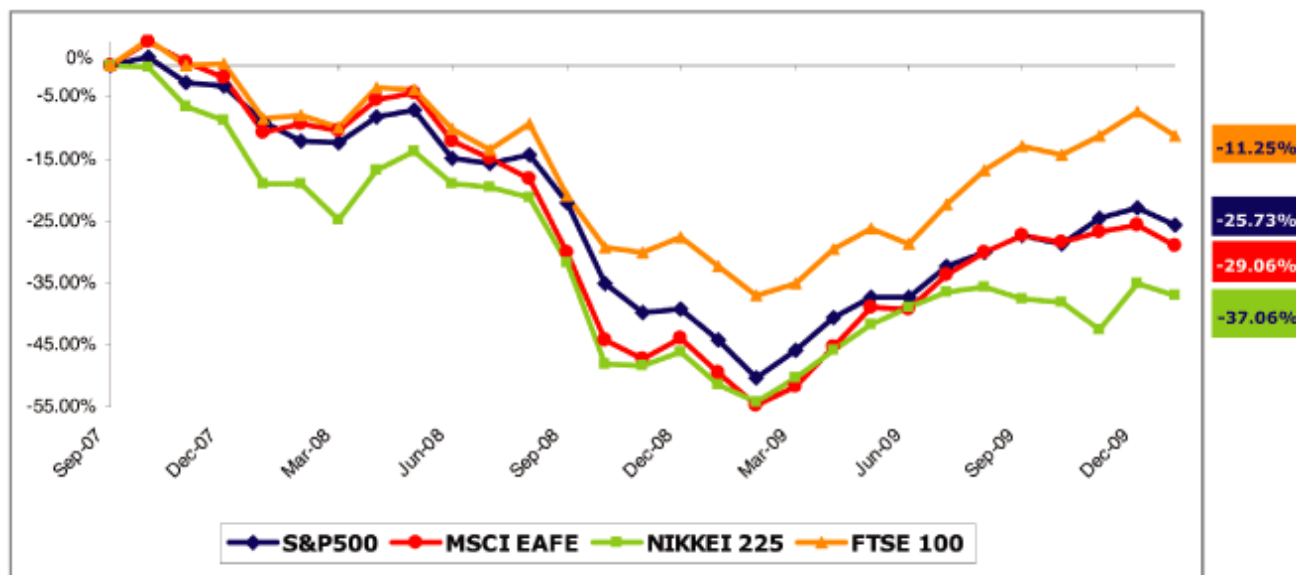
* Net revenues are operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of revenues, net of third-party distribution expenses, from joint venture investments. Net operating margin is equal to net operating income divided by net revenues. Net operating 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.

Although the global equity markets began to recover after the first quarter of 2009, they began the year under extreme pressure, as illustrated in the table below. It is important to note that the markets remain below their historical highs, with the S&P down 25.73% from October 2007 to January 2010.



In expectation of volatile financial markets, Invesco senior leadership adopted a disciplined approach to our business beginning in 2008. A key component of this approach was to significantly reduce discretionary spending, freeing resources which enabled the company to reinvest in opportunities that would strengthen our business over the long term and enhance our competitive position. This approach served the company well over the past two years — during which the Dow Jones Industrial Average saw its worst year of performance since 1931 (in 2008), and other markets around the globe suffered significant declines as well.

After bottoming out in March 2009, global financial markets staged a dramatic recovery with several major global market indices rebounding in record fashion off of record declines in 2008. The response from governments and central banks around the world to the financial crisis in 2008 was an unprecedented amount of monetary and fiscal stimulus. Central banks lowered interest rates to near zero, issued a number of debt guarantees for banks and other non-bank financial institutions, and began to increase the supply of money through open market asset purchases. Additionally, governments around the globe passed legislation that poured billions of dollars into the global economy. These actions alleviated the risk aversion that dominated the latter half of 2008 and as a result financial markets rallied in 2009. The Dow Jones Industrial Average climbed 53.8% off of March lows to finish the year up 22.6%. The NASDAQ Composite Index rebounded 78.9% above its March low to return 45.2% for the full year. The FTSE 100 gained 22.1% in 2009, its largest advance since 1997. The largest returns were found in the emerging markets as the MSCI Emerging Market Index returned 79.0% for the year.

The dramatic easing of monetary policy also contributed to major improvements in the credit markets. As interest rates remained close to zero investors fled the relative safety of U.S. Treasury securities for riskier asset classes, such as investment grade, high yield, and emerging market bonds, in search of yield. Credit spreads tightened to levels not seen since the bankruptcy of Lehman Brothers in September 2008 providing corporations around the world access to capital markets. Additionally, the U.S. dollar weakened from March until December as investors redeployed from the relative safety of U.S. Treasury securities into non-U.S. investments.

Table of Contents

In spite of the difficult operating environment over the past year, Invesco continued to make progress in a number of areas that further positioned our company for a time when the markets return. Throughout the course of 2009, the company's financial performance strengthened. In addition, during this period, Invesco continued to strengthen its competitive position with respect to investment performance, maintain its focus on its clients, and enhance its profile in the industry.

A critical factor in Invesco's ability to weather the economic storms of the past two years was our integrated approach to risk management. Our risk management framework provides the basis for consistent and meaningful risk dialogue up, down and across the company. Our Global Performance Measurement and Risk group provides senior management and the Board with insight into core investment risks, while our Corporate Risk Management Committee facilitates a focus on strategic, operational and all other business risks. Further, a network of business unit, functional and geographic risk management committees maintains an ongoing risk assessment process that provides a bottom-up perspective on the specific risk areas existing in various domains of our business. Through this regular and consistent risk communication, the Board has reasonable assurance that all material risks of the company are being addressed and that the company is propagating a risk-aware culture in which good risk management is built into the fabric of the business.

In addition, we benefited from having a diversified asset base. One of Invesco's core strengths and a key differentiator for the company within the industry is our broad diversification across client domiciles, asset classes and distribution channels. Our geographical diversification recognizes growth opportunities in different parts of the world. Invesco is also diversified by asset class, with 41% of our assets under management in equities and the remaining 59% covering the risk spectrum from alternatives to money market. Invesco's assets are roughly split between retail and institutional, and the private wealth management channel provides further diversification. This broad diversification enables Invesco to weather different market cycles and take advantage of growth opportunities in various markets and channels.

A significant portion of our business and assets under management (AUM) is based outside of the U.S. The strengthening or weakening 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 increased in the three months and year ended December 31, 2009, which also contributed to net increases in AUM of \$6.2 billion and \$65.9 billion during the respective periods. AUM at January 31, 2010, was \$412.6 billion.

Summary operating information for 2009 and 2008 is presented in the table below.

	Year ended December 31,	
	2009	2008
Operating revenues	\$2,627.3m	\$3,307.6m
Net revenues ⁽¹⁾	\$1,978.7m	\$2,489.4m
Operating margin	18.4%	22.6%
Net operating margin ⁽²⁾	25.9%	31.6%
Net income attributable to common shareholders	\$ 322.5m	\$ 481.7m
Diluted EPS	\$ 0.76	\$ 1.21
Average assets under management (in billions)	\$ 388.7	\$ 440.6

(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.

Table of Contents

On October 19, 2009, the company announced that it entered into a definitive agreement to acquire Morgan Stanley's retail asset management business, including Van Kampen Investments. The transaction was valued at \$1.5 billion (subject to adjustment), consisting of payments by Invesco of \$500.0 million in cash and an aggregate of approximately 44.1 million Invesco common shares and non-voting common equivalent preferred shares, which will result in Morgan Stanley obtaining an approximately 9.3% equity interest in our company. The transaction has been approved by the boards of directors of both companies and is expected to close in mid-2010, subject to customary regulatory, client and fund shareholder approvals.

Investment Capabilities Performance Overview

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. 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 three- and five-year periods. Within our fixed income asset class, products have achieved strong long-term performance with at least 62% of AUM ahead of benchmarks and 70% of AUM ahead of peers on a 3-year and 5-year basis.

		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	40%	93%	96%	33%	65%	89%
	U.S. Growth	20%	19%	69%	20%	19%	32%
	U.S. Value	96%	94%	22%	83%	10%	7%
	Sector	84%	76%	75%	79%	66%	57%
	U.K.	0%	91%	91%	0%	90%	92%
	Canadian	38%	29%	26%	38%	2%	23%
	Asian	50%	85%	85%	53%	72%	81%
	Continental European	46%	74%	91%	38%	61%	63%
	Global	62%	48%	78%	47%	33%	17%
	Global Ex U.S. and Emerging Markets	96%	95%	97%	96%	98%	63%
Balanced	Balanced	86%	55%	60%	52%	43%	52%
Fixed Income	Money Market	70%	71%	69%	88%	95%	95%
	U.S. Fixed Income	78%	62%	72%	32%	70%	70%
	Global Fixed Income	83%	64%	80%	91%	77%	76%

Note: AUM measured in the one-, three-, and five-year peer group rankings represents 69%, 68%, and 65% of total Invesco AUM, respectively, and AUM measured versus benchmark on a one-, three-, and five-year basis represents 84%, 82%, and 75% of total Invesco AUM, respectively, as of 12/31/09. Peer group rankings are sourced from a widely-used third party ranking agency in each fund's market (Lipper, Morningstar, Russell, Mercer, eVestment Alliance, SITCA) and asset-weighted in USD. Rankings are as of prior quarter-end for most institutional products and prior month-end for Australian retail funds due to their late release by third parties. Rankings for the most representative fund in each GIPS composite are applied to all products within each GIPS composite. Excludes Invesco PowerShares, W.L. Ross & Co., Invesco Private Capital, non-discretionary 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.

Assets Under Management

AUM at December 31, 2009, were \$423.1 billion, compared to \$357.2 billion at December 31, 2008. The increase in AUM during the year was due to \$46.1 billion in increased market values, \$10.9 billion impact of more favorable foreign exchange rates, and total net inflows of \$8.9 billion (long-term net flows plus net flows in institutional money market funds). Average AUM for 2009 were \$388.7 billion, compared to \$440.6 billion in 2008. Our retail total net inflows for 2009 were \$11.0 billion, compared to total net outflows of \$10.6 billion in 2008. Institutional net outflows were \$2.5 billion in 2009, compared to total net outflows of \$3.1 billion in 2008. Our Private Wealth Management (PWM) channel had total net inflows of \$0.4 billion in 2009 compared to total net inflows of \$0.2 billion in 2008.

Net revenue yield on AUM declined 5.6 basis points to 50.9 basis points in the year ended December 31, 2009, from the year ended December 31, 2008, level of 56.5 basis points, resulting from market driven changes in our asset mix and an 11.8% decline in average AUM from the year ended December 31, 2008. Our equity AUM generally earn a higher net revenue rate than money market AUM. Net revenues declined 20.5% during the year ended December 31, 2009, compared to the year ended December 31, 2008. Gross revenue yield on AUM declined 7.6 basis points to 68.2 basis points in the year ended December 31, 2009, from the year ended December 31, 2008, level of 75.8 basis points. See “Schedule of Non-GAAP Information” for a reconciliation of operating revenues (gross revenues) to net revenues.

Changes in AUM were as follows:

\$ in billions	2009	2008	2007
January 1,	\$ 357.2	\$ 500.1	\$ 462.6
Long-term inflows	71.2	72.7	119.9
Long-term outflows	(62.2)	(94.6)	(123.3)
Long-term net flows	9.0	(21.9)	(3.4)
Net flows in money market funds	(0.1)	8.4	10.1
Market gains and losses/reinvestment	46.1	(102.8)	20.0
Foreign currency translation	10.9	(26.6)	10.8
December 31,	\$ 423.1	\$ 357.2	\$ 500.1
Average long-term AUM	\$ 301.7	\$ 360.8	\$ 424.2
Average institutional money market AUM	87.0	79.8	64.9
Average AUM	\$ 388.7	\$ 440.6	\$ 489.1
Gross revenue yield on AUM ⁽¹⁾	68.2bps	75.8bps	80.0bps
Gross revenue yield on AUM before performance fees ⁽¹⁾	67.5bps	74.1bps	78.5bps
Net revenue yield on AUM (annualized) ⁽²⁾	50.9bps	56.5bps	59.1bps
Net revenue yield on AUM before performance fees (annualized) ⁽²⁾	50.1bps	54.8bps	57.7bps

(1) Gross revenue yield on AUM is equal to annualized total operating revenues divided by average AUM, excluding joint venture (JV) AUM. Our share of the average AUM for our JVs in China was \$3.7 billion in 2009 (2008: \$4.5 billion; 2007: \$4.2 billion). It is appropriate to exclude the average AUM of our JVs for purposes of computing gross revenue yield on AUM, because the revenues resulting from these AUM are not presented in our operating revenues. Under U.S. GAAP, our share of the pre-tax earnings of the JVs is recorded as equity in earnings of unconsolidated affiliates on our Consolidated Statements of Income.

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

Table of Contents

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, 2007 ^(a) AUM	\$ 462.6	\$ 238.9	\$ 207.1	\$ 16.6
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	<u>\$ 500.1</u>	<u>\$ 264.4</u>	<u>\$ 218.4</u>	<u>\$ 17.3</u>
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 ^(a) AUM	<u>\$ 357.2</u>	<u>\$ 149.3</u>	<u>\$ 194.6</u>	<u>\$ 13.3</u>
Long-term inflows	71.2	50.6	15.7	4.9
Long-term outflows	(62.2)	(39.6)	(18.1)	(4.5)
Long-term net flows	9.0	11.0	(2.4)	0.4
Net flows in money market funds	(0.1)	—	(0.1)	—
Market gains and losses/reinvestment	46.1	37.0	7.6	1.5
Foreign currency translation	10.9	9.6	1.3	—
December 31, 2009 AUM	<u>\$ 423.1</u>	<u>\$ 206.9</u>	<u>\$ 201.0</u>	<u>\$ 15.2</u>

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

Table of Contents

AUM by Asset Class

\$ in billions	Total	Equity	Fixed Income	Balanced	Money Market	Alternatives ^(b)
January 1, 2007 ^(a) AUM	\$ 462.6	\$ 214.3	\$ 84.0	\$ 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	<u>\$ 500.1</u>	<u>\$ 244.7</u>	<u>\$ 68.8</u>	<u>\$ 48.8</u>	<u>\$ 75.4</u>	<u>\$ 62.4</u>
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 ^(a) AUM	<u>\$ 357.2</u>	<u>\$ 127.6</u>	<u>\$ 61.5</u>	<u>\$ 32.8</u>	<u>\$ 84.2</u>	<u>\$ 51.1</u>
Long-term inflows	71.2	35.2	19.1	8.2	2.2	6.5
Long-term outflows	(62.2)	(31.9)	(12.5)	(7.9)	(3.1)	(6.8)
Long-term net flows	9.0	3.3	6.6	0.3	(0.9)	(0.3)
Net flows in money market funds	(0.1)	—	—	—	(0.1)	—
Market gains and losses/reinvestment	46.1	35.9	5.8	6.0	0.1	(1.7)
Foreign currency translation	10.9	6.6	1.3	2.4	0.2	0.4
December 31, 2009 AUM	<u>\$ 423.1</u>	<u>\$ 173.4</u>	<u>\$ 75.2</u>	<u>\$ 41.5</u>	<u>\$ 83.5^(c)</u>	<u>\$ 49.5</u>

(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.

(c) Ending Money Market AUM includes \$79.5 billion in institutional money market AUM and \$4.0 billion in retail money market AUM.

AUM by Client Domicile

\$ in billions	Total	U.S.	Canada	U.K.	Continental Europe	Asia
January 1, 2007 ^(a) AUM	\$ 462.6	\$ 280.3	\$ 43.3	\$ 73.8	\$ 38.6	\$ 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	<u>\$ 500.1</u>	<u>\$ 289.7</u>	<u>\$ 46.7</u>	<u>\$ 89.1</u>	<u>\$ 37.7</u>	<u>\$ 36.9</u>
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 ^(a) AUM	<u>\$ 357.2</u>	<u>\$ 232.5</u>	<u>\$ 24.1</u>	<u>\$ 56.7</u>	<u>\$ 22.4</u>	<u>\$ 21.5</u>
Long-term inflows	71.2	33.9	2.0	18.5	9.8	7.0
Long-term outflows	(62.2)	(31.1)	(5.3)	(8.4)	(9.9)	(7.5)
Long-term net flows	9.0	2.8	(3.3)	10.1	(0.1)	(0.5)
Net flows in money market funds	(0.1)	2.9	—	(0.1)	(1.4)	(1.5)
Market gains and losses/reinvestment	46.1	19.5	4.3	12.1	2.8	7.4
Foreign currency translation	10.9	—	3.9	5.7	0.7	0.6
December 31, 2009 AUM	<u>\$ 423.1</u>	<u>\$ 257.7</u>	<u>\$ 29.0</u>	<u>\$ 84.5</u>	<u>\$ 24.4</u>	<u>\$ 27.5</u>

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

Results of Operations

Results of Operations for the Year Ended December 31, 2009, Compared with the Year Ended December 31, 2008

Operating Revenues and Net Revenues

Operating revenues decreased by 20.6% in 2009 to \$2,627.3 million (2008: \$3,307.6 million). Net revenues are operating revenues less third-party distribution, service and advisory expenses, plus our proportional share of net revenues from joint venture arrangements. Net revenues decreased by 20.5% in 2009 to \$1,978.7 million (2008: \$2,489.4 million). See “Schedule of Non-GAAP Information” for additional important disclosures regarding the use of net revenues. A significant portion of our business and managed AUM are based outside of the U.S. The income statements of foreign currency subsidiaries are translated into U.S. dollars, the reporting currency of the company, using average foreign exchange rates. Over the course of the year, the average U.S. dollar foreign exchange rate was stronger when compared to other currencies, primarily the Pound Sterling, Canadian dollar and Euro, which impacted our reported revenues for the year ended December 31, 2009, as compared to the year ended December 31, 2008. The impact of foreign exchange rate movements resulted in \$152.0 million (22.3%) of the decline in operating revenues during the year ended December 31, 2009. Additionally, our revenues are directly influenced by the level and composition of our AUM as more fully discussed below. 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.

Table of Contents

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

\$ in millions	2009	2008	\$ Change	% Change
Investment management fees	2,120.2	2,617.8	(497.6)	(19.0)%
Service and distribution fees	412.6	512.5	(99.9)	(19.5)%
Performance fees	30.0	75.1	(45.1)	(60.1)%
Other	64.5	102.2	(37.7)	(36.9)%
Total operating revenues	2,627.3	3,307.6	(680.3)	(20.6)%
Third-party distribution, service and advisory expenses	(693.4)	(875.5)	182.1	(20.8)%
Proportional share of revenues, net of third-party distribution expenses, from joint venture investments	44.8	57.3	(12.5)	(21.8)%
Net revenues	<u>1,978.7</u>	<u>2,489.4</u>	<u>(510.7)</u>	<u>(20.5)%</u>

Investment Management Fees

Investment management fees are derived from providing professional services to manage client accounts and include fees earned from retail mutual funds, unit trusts, investment companies with variable capital (ICVCs), exchange-traded funds, investment trusts and institutional 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 19.0% in 2009 to \$2,120.2 million (2008: \$2,617.8 million) due to decreases in average AUM during the year, changes in the mix of AUM between various asset classes, and foreign exchange rate movements. Average AUM for the year ended December 31, 2009, were \$388.7 billion (2008: \$440.6 billion), a decrease of 11.8%. Average long-term AUM, which generally earn higher fee rates than institutional money market AUM, for the year ended December 31, 2009, were \$301.7 billion, a decrease of 16.4% from \$360.8 billion for the year ended December 31, 2008, while average institutional money market AUM increased 9.0% to \$87.0 billion at December 31, 2009, from \$79.8 billion for the year ended December 31, 2008.

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 2009, service and distribution fees decreased 19.5% to \$412.6 million (2008: \$512.5 million) primarily due to decreases in average AUM during the year. Included in the decline in service and distribution fees in the three months ended December 31, 2009, was a reduction of \$5.4 million reflecting the full-year impact of a reduction in transfer agency and administrative revenues in Canada, as certain fund expense recovery limits were reached.

Performance Fees

Performance fee revenues are generated on certain management contracts when performance hurdles are achieved. Such fee revenues are recorded in operating revenues as of the performance measurement date, when the contractual performance criteria have been met and when the outcome of the transaction can be measured reliably in accordance with Method 1 of ASC Topic 605-20-S99, "Revenue Recognition — Services — SEC Materials." Cash receipt of earned performance fees occurs after the measurement date. The performance measurement date is defined in each contract in which incentive and performance fee revenue agreements are in effect, and therefore we have performance fee arrangements that include monthly, quarterly and annual measurement dates. Given the uniqueness of each transaction, performance fee contracts are evaluated on an individual basis to determine if revenues can and should be recognized. Performance fees are not recorded if there are any future performance contingencies. If performance

arrangements require repayment of the performance fee for failure to perform during the contractual period, then performance fee revenues are recognized no earlier than the expiration date of these terms. Performance fees will fluctuate from period to period and may not correlate with general market changes, since most of the fees are driven by relative performance to the respective benchmark rather than by absolute performance. Additionally, of our \$423.1 billion in AUM at December 31, 2009, only approximately \$30.0 billion, or 7.1%, could potentially earn performance fees.

In 2009, performance fees decreased 60.1% to \$30.0 million (2008: \$75.1 million). The performance fees generated in 2009 arose primarily due to products managed by the Invesco Global Strategies group (\$2.4 million), Invesco Perpetual (\$13.4 million), and Atlantic Trust (\$5.7 million). The performance fees generated in 2008 arose primarily due to products managed by the Invesco Global Strategies (\$22.3 million) and Real Estate (\$14.5 million) groups, as well as by Invesco Perpetual (\$21.1 million).

Other Revenues

Other revenues include fees derived primarily from transaction commissions earned upon the sale of new investments into certain of our funds and fees earned upon the completion of transactions in our direct real estate and private equity asset groups. Real estate transaction fees are derived from commissions earned through the buying and selling of properties. Private equity transaction fees include commissions associated with the restructuring of, and fees from providing advice to, portfolio companies held by the funds. These transaction fees are recorded in our financial statements on the date when the transactions are legally closed. Other revenues also include the revenues of consolidated investment products.

In 2009, other revenues decreased 36.9% to \$64.5 million (2008: \$102.2 million), driven by decreases in transaction commissions, due to the tightening of the credit markets and fewer real estate transactions, and foreign exchange rate movements.

Third-Party Distribution, Service and Advisory Expenses

Third-party distribution, service and advisory expenses include periodic “renewal” commissions paid to brokers and independent financial advisors for their continuing oversight of their clients’ assets, over the time they are invested, and are payments for the servicing of client accounts. 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 20.8% in 2009 to \$693.4 million (2008: \$875.5 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 is our 49.0% investment in Invesco Great Wall Fund Management Company Limited (the “Invesco Great Wall” joint venture).

The 21.8% decrease in our proportional share of revenues, net of third-party distribution expenses, to \$44.8 million in 2009 (2008: \$57.3 million), is driven by the declines in average AUM of the Invesco Great Wall joint venture. Our share of the Invesco Great Wall joint venture’s average AUM at December 31, 2009, was \$3.7 billion, a 17.8% decline in average AUM from \$4.5 billion at December 31, 2008.

Operating Expenses

During 2009, operating expenses decreased 16.3% to \$2,143.0 million (2008: \$2,559.8 million), reflecting declines in all cost categories from 2008 expense levels. As discussed above, a significant portion of our business and managed AUM are based outside of the U.S. The income statements of foreign currency subsidiaries are translated into U.S. dollars, the reporting currency of the company, using average foreign exchange rates. Over the course of the year, the average U.S. dollar foreign exchange rate was stronger when compared to other currencies, primarily the Pound Sterling, Canadian dollar and Euro, which impacted our reported expenses for the year ended December 31, 2009, as compared to the year ended December 31, 2008. The impact of foreign exchange rate movements resulted in \$108.0 million (25.9%) of the decline in operating expenses during the year ended December 31, 2009. Additionally, operating expenses were lower in 2009 as compared to 2008 reflecting the impact of general cost containment measures and costs that move in line with revenues.

The main categories of operating expenses are as follows:

\$ in millions	2009	2008	\$ Change	% Change
Employee compensation	950.8	1,055.8	(105.0)	(9.9)%
Third-party distribution, service and advisory	693.4	875.5	(182.1)	(20.8)%
Marketing	108.9	148.2	(39.3)	(26.5)%
Property, office and technology	212.3	214.3	(2.0)	(0.9)%
General and administrative	166.8	266.0	(99.2)	(37.3)%
Transaction and integration	10.8	—	10.8	N/A
Total operating expenses	<u>2,143.0</u>	<u>2,559.8</u>	<u>(416.8)</u>	<u>(16.3)%</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	2009	% of Total Operating Expenses	% of Operating Revenues	2008	% of Total Operating Expenses	% of Operating Revenues
Employee compensation	950.8	44.4%	36.2%	1,055.8	41.2%	31.9%
Third-party distribution, service and advisory	693.4	32.3%	26.4%	875.5	34.2%	26.5%
Marketing	108.9	5.1%	4.1%	148.2	5.8%	4.5%
Property, office and technology	212.3	9.9%	8.1%	214.3	8.4%	6.5%
General and administrative	166.8	7.8%	6.3%	266.0	10.4%	8.0%
Transaction and integration	10.8	0.5%	0.4%	—	—	—
Total operating expenses	<u>2,143.0</u>	<u>100.0%</u>	<u>81.5%</u>	<u>2,559.8</u>	<u>100.0%</u>	<u>77.4%</u>

Employee Compensation

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

Employee compensation decreased \$105.0 million, or 9.9%, in 2009 from 2008 due predominantly to overall decreases in variable compensation, including decreases in discretionary and investment performance-based staff bonuses, decreases in base salary costs resulting from decreases in headcount, and foreign exchange rate movements. Headcount declined 8.2% to 4,890 at December 31, 2009 from 5,325 at December 31, 2008. Included in compensation expenses during the year ended December 31, 2009, are share-based payment costs of \$90.8 million, compared to \$97.7 million during the year ended December 31, 2008. Additionally, employee compensation costs for the years ended December 31, 2009 and 2008, included \$20.0 million of prepaid compensation amortization expenses related to the 2006 acquisition of W.L. Ross & Co. This expense amortization will continue through 2010, and the acquisition-related asset will be fully amortized by the third quarter of 2011.

Compensation expenses in the three months ended December 31, 2009, included a \$4.1 million increase in pension costs related to the plans' actuarial annual valuation updates and a \$4.3 million increase in payroll taxes associated with the vesting of share-based payment awards.

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 26.5% in 2009 to \$108.9 million (2008: \$148.2 million) due to decreased marketing support payments related to the decline in average AUM in the U.S., a lower level of advertising, and a reduction in marketing-related travel costs.

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 0.9% to \$212.3 million in 2009 from \$214.3 million in 2008. Decreases in technology costs resulting from general disciplined expense management measures and foreign exchange rate movement were offset by increases in property and office costs during the year. Property and office expenses for the year ended December 31, 2009, included \$12.0 million in charges relating to vacating leased property, including our Denver, Colorado, operations facility. Property and office expenses during 2008 included a \$5.1 million rent charge related to vacating leased property, offset by downward adjustments in rent costs for sublet office property of \$8.2 million. Property, office and technology costs increased in the three months ended December 31, 2009, primarily due to the outsourcing of facilities management in North America and the significant growth of the Hyderabad, India, facility.

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 \$99.2 million (37.3%) to \$166.8 million in 2009 from \$266.0 million in 2008, due to several factors including an insurance recovery of \$9.5 million related to legal costs associated with the market-timing regulatory settlement, foreign exchange rate movement, and general disciplined expense management measures, including reduced travel and entertainment and professional services expenses recorded during the year ended December 31, 2009.

Transaction and integration

Transaction and integration expenses include acquisition-related charges incurred during the period to effect a business combination, including legal, regulatory, advisory, valuation, and other professional or consulting fees, general and administrative costs, including travel costs related to the transaction and the costs of temporary staff involved in executing the transaction, and post-closing costs of integrating the acquired business into the company's existing operations.

Transaction and integration charges were \$10.8 million in 2009 (\$9.8 million of these costs were recorded in the three months ended December 31, 2009) and relate to the pending acquisition of Morgan Stanley's retail asset management business, including Van Kampen Investments. The acquisition was announced in October 2009 and is expected to close in mid-2010. These costs are currently estimated to be less than \$175 million, including those costs incurred in 2009, and are expected to continue to be incurred during 2010-2011. At the time of the announcement of the transaction, the transaction and integration costs were estimated to be approximately \$125 million. One of the largest anticipated post-closing expenses of integrating the acquired business into the company's existing operations relates to the costs of proxy solicitation of fund shareholders. Our estimates of these charges could continue to increase as additional resources are devoted to obtaining the required votes as early as practicable before the end of the second quarter of 2010, as desired.

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

Operating income decreased 35.2% to \$484.3 million in 2009 from \$747.8 million in 2008, driven by the declines in operating revenues from reduced AUM. As a result of the decline in our operating revenues, the following measures have also declined in 2009: operating margin, net operating income, and net operating margin. Operating margin (operating income divided by operating revenues) was 18.4% in 2009, down from 22.6% in 2008. Net operating income (operating income plus our proportional share of the operating income from joint venture arrangements) decreased 34.9% to \$512.7 million in 2009 from \$787.5 million in 2008. Net operating margin was 25.9% in 2009, down from 31.6% in 2008. 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. 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

Equity in earnings of unconsolidated affiliates decreased by \$19.8 million (42.3%) to \$27.0 million in the year ended December 31, 2009 (December 31, 2008: \$46.8 million), resulting primarily from declines in our share of the pre-tax earnings of our joint venture investments in China as well as net losses in certain of our partnership investments.

Interest income decreased 73.7% to \$9.8 million in 2009 from \$37.2 million in 2008 due to the combination of lower interest rates and lower average cash and cash equivalents balances in 2009. The decrease in yields was consistent with the market movement from 2008 to 2009. Interest expense decreased 16.1% to \$64.5 million in 2009 from \$76.9 million in 2008 due to decreases in the average debt balance in 2009.

Other gains and losses, net were a net gain of \$7.8 million in 2009, compared to a net loss of \$39.9 million in 2008. Included in the net gain is a gross gain generated upon the debt tender offer of \$4.3 million (\$3.3 million net of related expenses) and net gain of \$4.3 million realized upon the disposal of other investments (2008: \$7.4 million gain on maturity of a CLO investment, offset by a loss of \$4.1 million realized upon the disposal of a private equity investment). The 2009 net gain also included \$5.2 million in other-than-temporary impairment charges related to the valuations of investments in certain of our CLO products (2008: \$22.7 million) and \$3.0 million in other-than-temporary impairment charges related to other seed money in affiliated funds (2008: \$8.5 million). The CLO impairments arose principally from adverse changes in the timing of estimated cash flows used in the valuation models. In the year ended December 31, 2009, we also benefited from \$8.4 million in net foreign exchange gains whereas in 2008, we incurred \$13.0 million in net foreign exchange losses. See Item 8, “Financial Statements and Supplementary Data — Note 13, 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 2009, the net losses of consolidated investment products were \$106.9 million, compared to net losses of \$58.0 million in 2008, reflecting the changes in market values of the investments held by consolidated investment products. Invesco invests in only a small equity portion of these products, and as a result these losses are offset by noncontrolling interests of \$113.9 million, resulting in a net impact to the company of \$7.0 million.

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%, the Canadian statutory tax rate is 33% and the U.S. Federal statutory tax rate is 35%.

Our effective tax rate, excluding noncontrolling interests in consolidated entities, for 2009 was 31.5%, down from 32.9% for 2008. The rate decrease was primarily due to the mix of pre-tax income and a larger benefit from the release of provisions for uncertain tax positions in 2009 versus 2008. The rate decrease was partially offset by an increase in the net valuation allowance for subsidiary operating losses and additional state taxes.

The inclusion of income from noncontrolling interests in consolidated entities increased our effective tax rate to 41.5% in 2009 and to 35.9% in 2008.

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)%
Service and distribution fees	512.5	593.1	(80.6)	(13.6)%
Performance fees	75.1	70.3	4.8	6.8%
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	<u>2,489.4</u>	<u>2,888.4</u>	<u>(399.0)</u>	<u>(13.8)%</u>

Investment Management Fees

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 was consistent with the decline in global equity markets.

Performance Fees

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

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

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 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

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 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 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 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 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

Equity in earnings of unconsolidated affiliates decreased by \$1.3 million (2.7%) to \$46.8 million in the year ended December 31, 2008 (December 31, 2007: \$48.1 million), resulting primarily from declines in our share of the pre-tax losses of our partnership investments.

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 13, 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 noncontrolling interests.

Income Tax Expense

The 2008 U.K. statutory tax rate was 28.0%, the Canadian statutory tax rate was 33.5% and the U.S. Federal statutory tax rate was 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, which changed the tax rate to 33.5% in 2008 and 33.0% in 2009. The legislation was revised in December 2009, further reducing the rate to 31.0% in 2010, 28.25% in 2011 and 26.25% in 2012.

Our effective tax rate excluding noncontrolling interests in consolidated entities for 2008 was 32.9%, as compared to 34.6% in 2007. The decrease related primarily to a net reduction in our 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 noncontrolling 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 noncontrolling interests increased our effective tax rate to 35.9% in 2008 and reduced it to 28.7% in 2007.

Schedule of Non-GAAP Information

Net revenues (and by calculation, net revenue yield on AUM), net operating income and net operating margin are non-GAAP financial measures. The most comparable U.S. GAAP measures are operating revenues (and by calculation, gross revenue yield on AUM), operating income and operating margin. Management believes that the exclusion 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 who perform functions on behalf of the company's managed funds, which essentially are a share of the related revenues. These expenses vary by geography due to the differences in distribution channels. The net presentation assists in identifying the revenue contribution generated by the business, removing the distortions caused by the differing distribution channel fees and assisting in comparison with U.S. peer investment managers. 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. Since the company has been deemed to be the principal in the third-party arrangements, the company must reflect these expenses gross of operating revenues under U.S. GAAP. We believe that it is useful information to investors to show these expenses net of operating revenues, because net presentation more appropriately reflects the nature of these expenses as revenue-sharing activities. Additionally, management evaluates net revenue yield on AUM, which is equal to net revenues divided by average AUM during the reporting period. This metric is an indicator of the basis point net revenues we receive for each dollar of AUM we manage and is useful when evaluating the company's performance relative to industry competitors.

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 to the operations of the business. The company has two joint venture investments in China. The Invesco Great Wall joint venture was one of the largest Sino-foreign managers of equity products in China, with ending AUM of approximately \$8 billion as of December 31, 2009. Enhancing our operations in China is one effort that we believe could improve our competitive position over time. Accordingly, we believe that it is appropriate to evaluate the contribution of our joint venture investments to the operations of the business.

Table of Contents

Net revenues (and by calculation net revenue yield on AUM), 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 company will be expanding its use of non-GAAP measures in future filings, beginning with the Form 10-Q for the three months ended March 31, 2010, to include reconciling items relating to FASB Statement No. 167 (discussed in Part I, Item 1A, "Risk Factors," and in Item 8, "Financial Statements and Supplementary Data — Note 1, Accounting Policies") and the acquisition of Morgan Stanley's retail asset management business.

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,				
	2009	2008	2007	2006	2005
Operating revenues, GAAP basis	2,627.3	3,307.6	3,878.9	3,246.7	2,872.6
Third-party distribution, service and advisory expenses	(693.4)	(875.5)	(1,051.1)	(826.8)	(706.0)
Proportional share of net revenues from joint venture arrangements	44.8	57.3	60.6	8.1	—
Net revenues	<u>1,978.7</u>	<u>2,489.4</u>	<u>2,888.4</u>	<u>2,428.0</u>	<u>2,166.6</u>
Operating income, GAAP basis	484.3	747.8	994.3	759.2	407.9
Proportional share of operating income from joint venture investments	28.4	39.7	45.5	2.9	—
Net operating income	<u>512.7</u>	<u>787.5</u>	<u>1,039.8</u>	<u>762.1</u>	<u>407.9</u>
Operating margin*	18.4%	22.6%	25.6%	23.4%	14.2%
Net operating margin**	25.9%	31.6%	36.0%	31.4%	18.8%

* 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	2009	2008	\$ Change	% Change
Cash and cash equivalents	762.0	585.2	176.8	30.2%
Unsettled fund receivables	383.1	303.7	79.4	26.1%
Current investments	182.4	123.6	58.8	47.6%
Assets held for policyholders	1,283.0	840.2	442.8	52.7%
Non-current investments	157.4	121.3	36.1	29.8%
Investments of consolidated investment products	685.0	843.8	(158.8)	(18.8)%
Goodwill	6,467.6	5,966.8	500.8	8.4%
Policyholder payables	1,283.0	840.2	442.8	52.7%
Current maturities of total debt	—	297.2	(297.2)	(100.0)%
Long-term debt	745.7	862.0	(116.3)	(13.5)%
Equity attributable to common shareholders	6,912.9	5,689.5	1,223.4	21.5%
Equity attributable to noncontrolling interests in consolidated entities	707.9	906.7	(198.8)	(21.9)%

Cash and cash equivalents

Cash and cash equivalents increased from December 31, 2008, to December 31, 2009, primarily due to \$441.8 million of cash received from the equity issuance and \$362.7 million net cash generated from operating activities, offset by \$397.2 million used to retire debt, \$168.9 million used to pay the quarterly dividends, and net \$43.5 million of investments in seeding new products.

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, 2009, the European sub-group had cash and cash equivalent balances of \$333.5 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 increased from \$303.7 million at December 31, 2008, to \$383.1 million at December 31, 2009, due to higher 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. The presentation of the receivable and substantially offsetting payable (\$367.9 million) at trade date with both the investor and the fund for normal purchases and sales reflects the legal relationship between the underlying investor and the company.

Investments (current and non-current)

As of December 31, 2009, we had \$339.8 million in investments; of which \$182.4 million were current investments and \$157.4 million were non-current investments. Included in current investments are \$74.8 million of seed money investments in affiliated funds used to seed funds as we launch new products, and \$84.6 million of investments related to assets held for deferred compensation plans. These investments are also held primarily in affiliated funds and increased significantly from December 31, 2008, due to new investments purchased to economically hedge new deferred compensation liabilities that arose from both the modification of certain share-based awards during the period (discussed in Item 8, “Financial Statements and Supplementary Data — Note 17, Share-Based Compensation”) and the establishment of a new deferred compensation plan for certain employees of the company. Included in non-current investments are \$134.7 million in equity method investments in our Chinese joint ventures and in certain of the company’s private equity, real estate and other investments. Equity method investments increased by \$39.4 million from the prior year balance, the increase including a \$30.0 million new investment in Invesco Mortgage Capital, Inc. (IVR, discussed in Item 8, “Financial Statements and Supplementary Data — Note 16, Consolidated Investment Products”). Additionally, non-current investments include \$17.9 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 Perpetual Life Limited, is an insurance company that was established to facilitate retirement savings plans in the U.K. The entity holds assets that are managed for its clients on its balance sheet with an equal and offsetting liability. The increasing balance in these accounts from \$840.2 million at December 31, 2008, to \$1,283.0 million at December 31, 2009, was the result of foreign exchange movements, the increase in the market values of these assets, and net flows into the funds.

Investments of consolidated investment products

The primary beneficiary of variable interest entities (VIEs) is required to 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. Additionally, under the voting interest entity (VOE) consolidation model, the general partner in a partnership that is not a VIE consolidates the partnership because the general partner is deemed to control the partnership where the other limited partners do not have substantive kick-out, liquidation or participation rights. Investments of consolidated investment products include the investments of both consolidated VIEs and VOEs.

As of December 31, 2009, investments of consolidated investment products totaled \$685.0 million (December 31, 2008: \$843.8 million). These investments are offset primarily in noncontrolling interests in consolidated entities on the Consolidated Balance Sheets, as the company’s equity investment in these structures is very small. The decrease from December 31, 2008, reflects the impact of declining market values and the deconsolidation during the period ended December 31, 2009, of \$53.3 million of investments held by consolidated investment products and related noncontrolling interests in consolidated entities, as a result of determining that the company is no longer the primary beneficiary.

Goodwill

Goodwill increased from \$5,966.8 million at December 31, 2008, to \$6,467.6 million at December 31, 2009, primarily due to the impact of foreign currency translation for certain subsidiaries whose functional currency differs from that of the parent. The foreign exchange rates at the end of 2009, used to translate the balance sheets of foreign currency subsidiaries into U.S. dollars, the reporting currency of the company, reflect a weaker U.S. dollar at the end of 2009, mainly against the Canadian dollar and Pound Sterling, which resulted in a \$466.6 million increase in goodwill, upon consolidation, with a corresponding increase in equity. Additional goodwill was recorded in 2009 related to the earn-out on the W.L. Ross & Co. acquisition (\$34.2 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. Separately, due to deteriorating market conditions, interim impairment tests were performed at October 31, 2008, and March 31, 2009. These interim tests also concluded that no impairment had occurred. As each test concluded that the fair value was above the carrying value, there was no need to progress to the process of separately valuing each class of asset and liability. See "Critical Accounting Policies — Goodwill" for additional details of the company's goodwill impairment analysis process.

Current portion of total debt

This balance decreased from \$297.2 million at December 31, 2008 to \$0.0 million at December 31, 2009, as a result of the 4.5% senior notes maturing on December 15, 2009, and being repaid from available cash resources.

Long-term debt

The non-current portion of our total debt decreased from \$862.0 million at December 31, 2008, to \$745.7 million at December 31, 2009, as \$12.0 million borrowings under the floating rate credit facility were repaid and \$104.3 million in debt was retired through the tender offer transaction described below in "Debt."

Noncontrolling interests in consolidated entities

Noncontrolling interests in consolidated entities decreased by \$198.8 million from \$906.7 million at December 31, 2008, to \$707.9 million at December 31, 2009, primarily due to \$106.9 million of losses recorded by the consolidated investment products during the year and the deconsolidation during the period of \$53.3 million of investments held by consolidated investment products and related noncontrolling interests in consolidated entities, as a result of determining that the company was no longer the primary beneficiary.

The noncontrolling interests in consolidated entities are generally offset by the net assets of consolidated investment products, as the company's equity investment in the investment products is very small.

Equity attributable to common shareholders

Equity attributable to common shareholders increased from \$5,689.5 million at December 31, 2008, to \$6,912.9 million at December 31, 2009, an increase of \$1,223.4 million. An issuance of new shares raised a net \$441.8 million and the changes in foreign currency rates added \$488.3 million to equity. Other increases to equity included net income attributable to common shareholders of \$322.5 million, share issuances upon employee option exercises of \$80.3 million, and the share based payment credit to capital of \$90.8 million. The increases to equity were partially offset by \$168.9 million in dividend payments, \$13.0 million related to the modification of a share-based payment award into a cash-settled award, \$22.9 million in shares acquired from employees to meet withholding tax obligations on share award vestings, and a \$7.5 million deduction arising on the purchase of the remaining noncontrolling interest in Invesco Real Estate GmbH.

Liquidity and Capital Resources

On May 26, 2009, we issued 32.9 million common shares in a public offering that produced gross proceeds of \$460.5 million (\$441.8 million net of related expenses). On June 9, 2009, we replaced our existing \$900.0 million credit facility, which was never fully utilized, with a \$500.0 million multi-year credit facility, the amount of which was based upon our past and projected working capital needs; however, we are able to increase the new credit facility to \$750.0 million, subject to certain conditions. At December 31, 2009, the company had no balance drawn on the credit facility. These two transactions reflected our ability to access the capital markets in a timely manner. On June 30, 2009, we completed a \$100.0 million tender offer to purchase publicly traded debt with a

principal value of \$104.3 million. On December 15, 2009, we repaid the \$294.2 million 4.5% senior notes that matured on that date, utilizing existing cash balances, having repurchased \$3.0 million of these notes earlier in the year.

We believe that our capital structure, together with available cash balances, cash flows generated from operations, existing capacity under our credit facility, proceeds from the public offering of our shares and further capital market activities, if necessary, should provide us with sufficient resources to meet present and future cash needs, including operating, debt and other obligations as they come due and anticipated future capital requirements. Additionally, we expect to use available cash balances and borrowings under our credit facility to satisfy the \$500.0 million cash consideration related to acquisition of Morgan Stanley's retail asset management business, including Van Kampen Investments. New equity, in the form of common and non-voting common equivalent preferred shares (with economic rights identical to common stock, other than no right to vote such shares) is expected to be issued to Morgan Stanley, without holding restrictions, in conjunction with the close. The ultimate purchase price for the business may be higher or lower than the \$1.5 billion announced purchase price, due to contractual price adjustments that will be made depending on certain conditions being met at the closing date and changes in the company's share price. For example, a price adjustment may be made based on the degree to which clients of the business being acquired provide their consent for the transaction at the time of closing the deal.

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.

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. 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, 2009, the European sub-group had cash and cash equivalent balances of \$333.5 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 16, 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, 2009, 2008 and 2007 are summarized as follows:

\$ in millions	2009	2008	2007
Net cash (used in)/provided by:			
Operating activities	362.7	525.5	915.5
Investing activities	(102.4)	(98.4)	(48.2)
Financing activities	(100.7)	(666.4)	(740.8)
Increase/(decrease) in cash and cash equivalents	159.6	(239.3)	126.5
Foreign exchange	17.2	(91.3)	10.4
Cash and cash equivalents, beginning of period	585.2	915.8	778.9
Cash and cash equivalents, end of period	<u>762.0</u>	<u>585.2</u>	<u>915.8</u>

Operating Activities

Net cash provided by operating activities is generated by the receipt of investment management and other fees generated from AUM, offset by operating expenses and changes in operating assets and liabilities. Although some receipts and payments are seasonal, particularly bonus payments, in general our operating cash flows move in the same direction as our operating income. The reduced operating income for the year ended December 31, 2009, when compared to the prior year is a significant factor in the reduced operating cash flows.

Cash provided by operating activities in 2009 was \$362.7 million, a decrease of \$162.8 million or 31% over 2008. Changes in operating assets and liabilities used \$118.3 million of cash, while the combined cash generated from other operating items was \$481.0 million. The change in operating assets and liabilities was driven by the funding of annual bonuses combined with the lower levels of accrued bonus awards at the end of 2009, together with higher trade receivables at the end of 2009, compared to the end of 2008. The change in operating assets and liabilities also includes a decrease of \$45.0 million in the cash held by consolidated investment products.

Cash provided by operating activities in 2008 was \$525.5 million, a decrease of \$390.0 million or 42.6% from 2007. Changes in operating assets and liabilities contributed \$273.9 million of the decrease, and lower net income, after adjusting for the gains and losses of consolidated investment products, contributed a further \$193.2 million of the decrease in cash flows generated from operating activities.

Investing Activities

The launch of a number of new products during mid and late 2009 resulted in a net cash outflow into seed and partnership investments of \$43.5 million during the year. During year ended December 31, 2009, we recaptured \$60.6 million in cash from redemption of prior investments, including seed and partnership investments, and invested \$104.1 million in new products.

During the fiscal years ended December 31, 2009, 2008 and 2007, our capital expenditures were \$39.5 million, \$84.1 million and \$36.7 million, respectively. 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. Capital expenditures in 2008 also included expenditures related to leasehold improvements in the new headquarters space. During the fiscal years ended December 31, 2009, 2008 and 2007, our capital divestitures were not significant relative to our total fixed assets.

Investing activities include the investment purchases and sales of our consolidated investment products. In total, these contributed \$8.0 million, \$175.6 million and \$8.1 million to cash generated in investing activities during the years ended December 31, 2009, 2008, and 2007, respectively.

Net cash outflows of \$34.2 million in 2009 related to acquisition earn-out payments related to the 2006 acquisition of WL Ross & Co. In 2008, net cash outflows of \$130.9 million and \$43.4 million related to acquisition earn-out payments for the PowerShares and WL Ross & Co. acquisitions, respectively.

Financing Activities

Net cash used in financing activities totaled \$100.7 million for the year ended December 31, 2009. The equity issuance generated cash proceeds of \$441.8 million and proceeds from the exercise of options were \$80.0 million. These inflows were offset by the redemption of senior notes of \$397.2 million, net repayments of our credit facility of \$12.0 million, and the \$168.9 million payment of dividends declared in January, April, July and October 2009. Financing cash flows also include a payment of \$8.9 million to purchase the remaining 24.9% of Invesco Real Estate GmbH not already held by the company, the controlling interest having been acquired in December 2003.

The net cash used in financing activities also includes a net \$44.9 million of outflows related to consolidated investment products (2008: \$125.3 million; 2007: \$27.7 million).

Net cash used in financing activities decreased from \$740.8 million in 2007 to \$666.4 million in 2008, primarily due to lower levels of capital being returned through public stock repurchases of Invesco Ltd. common stock, in form of treasury shares. Cash used for treasury share purchases in 2008 totaled \$313.4 million compared to \$716.0 million in 2007.

Dividends

Invesco declares and pays dividends on a quarterly basis in arrears. The 2009 quarterly dividend was \$0.1025 per Invesco Ltd. common share. On October 16, 2009, the company declared a third quarter cash dividend, which was paid on December 2, 2009, to shareholders of record as of November 18, 2009. On January 27, 2010, the company declared a fourth quarter cash dividend, which will be paid on March 10, 2010, to shareholders of record as of February 23, 2010. The total dividend attributable to the 2009 fiscal year of \$0.41 per share represented a 2.5% increase over the total dividend attributable to the 2008 fiscal year of \$0.40 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 quarterly and total dividends per Invesco Ltd. common share attributable to each period indicated. Actual declaration of these dividends occurred in the following fiscal quarter.

<u>Years Ended December 31,</u>	<u>U.S. Cents per Common Share</u>				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
2009	10.25	10.25	10.25	10.25	41.0
2008	10.0	10.0	10.0	10.0	40.0

Share Repurchase Plan

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, 2009, there were no purchases under this program (December 31, 2008: 5.5 million common shares purchased under this program at a cost of \$139.4 million, and 6.1 million shares purchased under the prior share repurchase plan at a cost of \$154.5 million), leaving approximately \$1.4 billion authorized at the end of the year. Separately, an aggregate of 1.6 million shares were withheld on vesting events during the year ended December 31, 2009, to meet employees' tax obligations (December 31, 2008: 0.3 million). The value of these shares withheld was \$22.9 million (December 31, 2008: \$4.6 million).

Debt

Our total indebtedness at December 31, 2009, is \$745.7 million (December 31, 2008: \$1,159.2 million) and is comprised of the following:

<u>\$ in millions</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Unsecured Senior Notes:		
4.5% — due December 15, 2009	—	297.2
5.625% — due April 17, 2012	215.1	300.0
5.375% — due February 27, 2013	333.5	350.0
5.375% — due December 15, 2014	197.1	200.0
Floating rate credit facility terminated on June 9, 2009	—	12.0
Floating rate credit facility expiring June 9, 2012	—	—
Total debt	745.7	1,159.2
Less: current maturities of total debt	—	297.2
Long-term debt	<u>745.7</u>	<u>862.0</u>

For the three months and year ended December 31, 2009, the company's weighted average cost of debt was 5.27% and 5.14%, respectively (three months and year ended December 31, 2008: 4.93% and 4.87%, respectively). Total debt decreased from \$1,159.2 million at December 31, 2008, to \$745.7 million at December 31, 2009, due primarily to repayment of maturing senior notes, borrowings under our floating rate credit facility, and retirement of debt through the tender offer.

On June 2, 2009, the company commenced a tender offer for the maximum aggregate principal amount of the outstanding 5.625% senior notes due 2012, the 5.375% senior notes due 2013, and the 5.375% senior notes due 2014 (collectively, the "Notes") that it could purchase for \$100.0 million at a purchase price per \$1,000 principal amount determined in accordance with the procedures of a

Table of Contents

modified “Dutch Auction” (tender offer). The tender offer expired at midnight on June 29, 2009, and on June 30, 2009, \$104.3 million of the Notes had been retired, generating a gross gain of \$4.3 million upon the retirement of debt at a discount.

A summary of the Notes tendered is presented below:

\$ in millions	Accepted Tender Amount	Base Price	Total Consideration ⁽¹⁾	Tender Offer Consideration ⁽²⁾	Accrued Interest ⁽³⁾	Percent of Outstanding Amount Tendered
5.625% — due April 17, 2012	\$ 84,897,000	\$ 920.00	\$ 970.00	\$ 940.00	\$ 11.41	28.3%
5.375% — due February 27, 2013	\$ 16,532,000	\$ 870.00	\$ 920.00	\$ 890.00	\$ 18.36	4.7%
5.375% — due December 15, 2014	\$ 2,874,000	\$ 800.00	\$ 850.00	\$ 820.00	\$ 2.24	1.4%
	<u>\$ 104,303,000</u>					

- (1) Consideration paid per \$1,000 principal amount of Notes tendered on or prior to an Early Participation Date (as defined in the Offer to Purchase), which includes a \$30.00 early participation amount. The total consideration was determined based on the formula consisting of the base price plus a clearing premium.
- (2) Consideration paid per \$1,000 principal amount of Notes tendered after the Early Participation Date and on or prior to the Expiration Date (as defined in the Offer to Purchase).
- (3) Accrued interest paid per \$1,000 principal amount of Notes.

On June 9, 2009, the company completed a new three-year \$500.0 million revolving bank credit facility. The new facility replaces the \$900.0 million credit facility that was scheduled to expire on March 31, 2010, but was terminated concurrent with the entry into the new credit facility. Financial covenants under the new credit facility include: (i) the quarterly maintenance of a debt/EBITDA ratio, as defined in the credit agreement, of not greater than 3.25:1.00 through December 31, 2010, and not greater than 3.00:1.00 thereafter, (ii) a coverage ratio (EBITDA, as defined in the credit agreement/interest payable for the four consecutive fiscal quarters ended before the date of determination) of not less than 4.00:1.00, and (iii) maintenance on a monthly basis of consolidated long term assets under management (as defined in the credit agreement) of not less than \$194.8 billion, which amount is subject to a one-time reset by the company under certain conditions. As of December 31, 2009, we were in compliance with our debt covenants. At December 31, 2009, our leverage ratio was 1.11:1.00 (December 31, 2008: 1.28:1.00), and our interest coverage ratio was 11.01:1.00 (December 31, 2008: 12.20:1.00), and our long-term AUM were \$343.6 billion.

The coverage ratios, as defined in our credit facility, were as follows during 2009, 2008 and 2007:

	2009			
	Q1	Q2	Q3	Q4
Leverage Ratio	1.48	1.63	1.77	1.11
Interest Coverage Ratio	11.31	9.64	9.12	11.01
Long-term AUM	N/A*	299.0	329.7	343.6

	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

* Long-Term AUM became a debt covenant measure as part of the June 9, 2009, credit facility agreement.

Table of Contents

The December 31, 2009, coverage ratio calculations are as follows:

\$ millions, except as noted	Total	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net income attributable to common shareholders	322.5	110.9	105.2	75.7	30.7
Tax expense	148.2	48.2	43.7	36.0	20.3
Amortization/depreciation	77.6	24.9	20.0	16.7	16.0
Interest expense	64.5	15.2	16.9	16.5	15.9
Share-based compensation expense	90.8	22.6	24.3	20.2	23.7
Unrealized gains and losses from investments, net*	6.5	0.3	(1.4)	1.0	6.6
EBITDA**	710.1	222.1	208.7	166.1	113.2
Adjusted debt**	790.2				
Leverage ratio (Debt/EBITDA — maximum 3.25:1.00)	1.11				
Interest coverage (EBITDA/Interest Expense — minimum 4.00:1.00)	11.01				
December 31, 2009, long-term AUM (in billions — minimum \$194.8 billion)	343.6				

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

** EBITDA and Adjusted debt are non-GAAP financial measures; however, management does not use these measures for anything other than these debt covenant calculations. The calculation of EBITDA above (a reconciliation from net income attributable to common shareholders) is defined by our credit agreement, and therefore net income attributable to common shareholders is the most appropriate GAAP measure from which to reconcile to EBITDA. The calculation of adjusted debt is defined in our credit facility and equals total debt of \$745.7 million plus \$44.4 million in letters of credit and \$0.1 million in capital leases.

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. Standard & Poor's has a "positive" outlook for the rating while Moody's has 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 level of indebtedness, our risk appetite and approach to risk management, our ability to maintain consistent positive investment performance, the profitability of our business under a sustained downturn scenario, and integration risk related to the pending acquisition of Morgan Stanley's retail asset management business. 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. Our credit facility borrowing rates are tied to our credit ratings. 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.

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

Credit and Liquidity Risk

Capital management involves the management of the company's liquidity and cash flows. The company manages its capital by reviewing annual and projected cash flow forecasts and by monitoring credit, liquidity and market risks, such as interest rate and foreign currency risks (as discussed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk"), through measurement and analysis. The company is primarily exposed to credit risk through its cash and cash equivalent deposits, which are held by external

firms. The company invests its cash balances in its own institutional money market products, as well as with external high credit-quality financial institutions; 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, 2009, our maximum exposure to credit risk related to our cash and cash equivalent balances is \$762.0 million. Cash and cash equivalents invested in affiliated money market funds (related parties) totaled \$465.1 million at December 31, 2009.
- Certain trust subsidiaries of the company accept deposits and place deposits with other institutions on behalf of our customers. As of December 31, 2009, our maximum exposure to credit risk related to these transactions is \$0.8 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 \$745.7 million in total debt. The company actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility, scheduling significant gaps between major debt maturities and engaging external financing sources in regular dialog.

Effects of Inflation

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

Off Balance Sheet Commitments

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 a voting interest entity model (see Item 8, "Financial Statements and Supplementary Data — Note 16, 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, 2009, our undrawn capital commitments were \$77.6 million (2008: \$36.5 million).

The volatility and valuation dislocations that occurred from 2007 to 2009 in certain sectors of the fixed income market have generated 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 2009, the agreements were amended to extend the term through June 30, 2010. As of December 31, 2009, the committed

support under these agreements was \$51.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company. The recorded fair value of the guarantees related to these agreements at December 31, 2009, was estimated to be \$2.5 million (December 31, 2008: \$5.5 million), which was recorded in other current liabilities on the Consolidated Balance Sheets. 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 deemed to be the primary beneficiary. As of the date of this Report, the committed support under these agreements was \$36.0 million.

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, 2009:

\$ in millions	Total ⁽⁴⁾⁽⁵⁾	Within 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Total debt	745.7	—	215.1	530.6	—
Estimated interest payments on total debt ⁽¹⁾	136.9	40.6	72.7	23.6	—
Finance leases	0.1	0.1	—	—	—
Operating leases ⁽²⁾	593.4	61.1	110.7	100.7	320.9
Defined benefit pension and postretirement medical obligations ⁽³⁾	378.7	8.5	19.4	22.2	328.6
Total	<u>1,854.8</u>	<u>110.3</u>	<u>417.9</u>	<u>677.1</u>	<u>649.5</u>

- (1) Total debt includes \$745.7 million of fixed rate debt. Fixed interest payments are therefore reflected in the table above in the periods they are due. The credit facility, \$500.0 million at December 31, 2009, 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.
- (2) Operating leases reflect obligations for leased building space and sponsorship and naming rights agreements. See Item 8, “Financial Statements and Supplementary Data — Note 18, Operating Leases” for sublease information.
- (3) The defined benefit obligation of \$378.7 million is comprised of \$330.2 million related to pension plans and \$48.5 million related to a postretirement medical plan. The fair value of plan assets at December 31, 2009, was \$262.9 million for the retirement plan and \$7.3 million for the medical plan. See Item 8, “Financial Statements and Supplementary Data — Note 19, Retirement Benefit Plans” for detailed benefit pension and postretirement plan information.
- (4) Other contingent payments at December 31, 2009, include \$500.0 million related to the PowerShares acquisition and \$110.0 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, 2009, the company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$39.0 million of gross unrecognized tax benefits have been excluded from the contractual obligations table above. See Item 8, “Financial Statements and Supplementary Data, Note 14 — Taxation” for a discussion on income taxes.

Critical Accounting Policies and Estimates

Our significant accounting policies are disclosed in 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, based on the company’s estimate of shares that will eventually vest, on a straight-line or accelerated basis over the vesting period. 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. There have been no grants of share options since 2005.

The table below is a summary, as of December 31, 2009, of equity-settled share-based compensation awards outstanding under the company’s share-based compensation programs. Details relating to each program are included in Item 8, “Financial Statements and Supplementary Data — Note 17, Share-Based Compensation.”

	<u>Awards Outstanding</u>	<u>Vesting During The Years Ended December 31,</u>				
	<u>Total</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Millions of shares						
Time-vested	17.0	4.9	7.3	2.3	2.4	0.1
Performance-vested	2.0	1.7*	0.3	—	—	—
Share Awards*	<u>19.0</u>	<u>6.6</u>	<u>7.6</u>	<u>2.3</u>	<u>2.4</u>	<u>0.1</u>

* Included in these share awards are 1.4 million awards which lapsed in January 2010, as it was determined that the performance conditions had not been achieved.

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. 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.

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 around the world and we generate substantially all of our earnings from our subsidiaries. Under ASC 740-30, deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's subsidiaries, consolidated investment products, and joint ventures, except where it is our intention to and we 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 \$1,016 million at December 31, 2009, compared with \$953 million at December 31, 2008. If distributed as a dividend, Canadian withholding tax of 5.0% would be due. Dividends from our investment in the U.S. should not give rise to additional tax as we are not subject to withholding tax between the U.S. and U.K. Deferred tax liabilities in the amount of \$2.3 million (2008: \$8.9 million) for additional tax have been recognized for unremitted earnings of certain subsidiaries that have regularly remitted earnings and are expected to continue to remit earnings in the foreseeable future. There is no additional tax 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 taxable income of the appropriate character, more likely than not, will be sufficient to realize the benefits of these assets over time. In the event that actual results differ from our expectations, or if our historical trends of positive operating income 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.

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

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

We have determined that we have one reportable segment. The company evaluated the components of its business and has determined that it has one reporting unit for purposes of goodwill impairment testing. The company's components, business units one level below the operating segment level, include Invesco Worldwide Institutional, Invesco North American Retail, Invesco Perpetual, Invesco Continental Europe and Invesco Asia Pacific. None of the company's components are considered individual reporting units as complete operating results are not available for each separate component. The company's operating segment represents one reporting unit because all of the components are similar due to the common nature of products and services offered, type of clients, methods of

distribution, regulatory environments, manner in which each component is operated, extent to which they share assets and resources, and the extent to which they support and benefit from common product development efforts.

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 expectation 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. The present value produced for the reporting unit is the fair value of the reporting unit. This amount is reconciled to the company's market capitalization to determine an implied control premium, which is compared to an analysis of historical control premiums experienced by peer companies over a long period of time to assess the reasonableness of the fair value of the reporting unit.

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

The company cannot predict the occurrence of future events that might adversely affect the reported value of goodwill that totaled \$6,467.6 million and \$5,966.8 million at December 31, 2009, and December 31, 2008, 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. 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. Our goodwill impairment testing conducted during 2009 and 2008 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.

Due to deteriorating market conditions, interim impairment tests were performed at October 31, 2008, and March 31, 2009, using the most recently available operating information. These interim tests also concluded that no impairment had occurred. Following the March 31, 2009, interim test, the general market conditions improved and the company did not identify the need for further interim tests during 2009 as no indicators of impairment existed. The March 31, 2009, interim impairment test adopted an income approach consistent with the annual 2008 impairment tests, but utilized the company's updated forecasts for changes in AUM due to market gains and long-term net flows and the corresponding changes in revenues and expenses. The primary assumption changes from the October 31, 2008, valuation test were increases in the anticipated rise in equity markets in the near-term and in net AUM sales. The increase in equity markets was based on an analysis of the Dow Jones Industrial Average for 10 recession events between 1945 and 2001. The October 31, 2008, valuation had assumed an equity market rise in-line with more normal non-recessionary experience. The higher AUM net sales reflects new flows into the equity markets as values stabilize and confidence returns, and also took into account the company's improved relative investment performance. A discount rate of 13.7% was used for the March 31, 2009, test, similar to the October 31, 2008, rate of 13.6% (October 1, 2008: 11.6%). The discount rates used are estimates of the weighted average cost of capital for the asset management sector reflecting the overall industry risks associated with future cash flows and have been calculated consistently across the various tests dates.

The October 1, 2009, annual goodwill impairment test was performed using a consistent methodology to that used for the March 31, 2009, interim impairment test, with the exception that adjustments were made to remove the near-term equity market rise assumption, since much of the market rebound had been experienced in the period between March 31, 2009, and October 1, 2009. A discount rate of 12.9% was used for the October 1, 2009, analysis. A 40% decline in the fair value of our reporting unit, or a 500 basis point increase in the discount rate assumption used during our October 1, 2009, 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, or CLOs, 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 is dependent upon the extent to which we are able to accurately determine fair values. Of our \$339.8 million total investments at December 31, 2009, those most susceptible to impairment include \$74.8 million seed money investments in our affiliated funds and \$17.9 million invested in CLO products. Seed money investments are investments held in Invesco managed funds with the purpose of providing capital to the funds during their development periods. These investments are recorded at fair value using quoted market prices in active markets; there is no modeling or additional information needed to arrive at the fair values of these investments.

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

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

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

The company provides investment management services to a number of 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 in certain cases 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, 2009, the company held \$17.9 million of investment in these CLOs (December 31, 2008: \$17.5 million), 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 forecasted default rates and declines in anticipated recovery rates. Investors in CLOs have no recourse against the company for any losses sustained in the CLO structure.

The company 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. 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 the updated estimate of future cash flows and is recorded through the income statement.

As discussed in Item 8, "Financial Statements and Supplementary Data — Note 1, Accounting Policies," the company adopted FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP FAS 115-2), now encompassed in ASC Topic 320, "Investments — Debt and Equity Securities" (ASC Topic 320), on April 1, 2009. As a result of FSP FAS 115-2, credit-related impairment is recorded through the Statement of Income, and non-credit related impairment is recorded through other comprehensive income. Upon adoption, the company recorded a cumulative effect adjustment of \$1.5 million to the April 1, 2009, opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income representing the non-credit component of previously recognized other-than-temporary impairment. During the year ended December 31, 2009, an additional \$5.2 million was recorded as a charge to earnings representing the credit-related other-than-temporary impairment during the period, and an additional \$0.3 million was recorded as a charge to other comprehensive income from other-than-temporary impairment related to non-credit related factors, primarily the change in discount rates during the period. An increase or decrease in the discount rate of 1.0% would change the discounted cash flows of the CLOs by \$0.6 million as of December 31, 2009.

Consolidated Investment Products. 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 voting interest entities (VOEs) and 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.

Assessing if an entity is a VIE or VOE involves judgment and analysis on a structure-by-structure basis. Factors included in this assessment include the legal organization of the entity, the company's contractual involvement with the entity and any related party or de facto agent implications of the company's involvement with the entity. 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 VOEs, estimation of investment valuation is required, which includes assessing available quantitative and qualitative data. Significant changes in these estimates could impact the reported value of the investments held by consolidated investment products and the related offsetting equity attributable to noncontrolling interests in consolidated entities on the Consolidated Balance Sheets and the other gains and losses of consolidated investment products, net, and related offsetting gains and losses attributable to noncontrolling interests in consolidated entities, net, amounts on the Consolidated Statements of Income. As of December 31, 2009, the company consolidated VIEs that held investments of \$67.9 million (December 31, 2008: \$141.9 million) and VOEs that held investments of \$617.1 million (December 31, 2008: \$701.9 million). As circumstances supporting estimates and factors change, the determination of VIE and primary beneficiary status may change, as could the determination of the necessity to consolidate VOEs.

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 as of the acquisition date as part of the fair value transferred in exchange for the acquired business.

Recent Accounting Developments

See 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 economically 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, 2009			
Trading investments:			
Investments related to deferred compensation plans	84.6	101.5	67.7
Available-for-sale investments:			
Seed money in affiliated funds	74.8	89.8	59.8
Equity method investments	134.7	161.6	107.8
Other	5.3	6.4	4.2
Total market risk on investments	<u>299.4</u>	<u>359.3</u>	<u>239.5</u>

Table of Contents

\$ 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	<u>36.2</u>	<u>43.4</u>	<u>29.0</u>
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	<u>95.3</u>	<u>114.4</u>	<u>76.2</u>
Total market risk on investments	<u>209.1</u>	<u>250.9</u>	<u>167.3</u>

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, 2009, the interest rates on 100% of the company's borrowings were fixed for a weighted average period of 3.4 years. Borrowings under the credit facility will have floating interest rates. The interest rate profile of the financial assets of the company on December 31, 2009, was:

\$ in millions	Carrying Value	Fair Value assuming a +1% interest rate change	Fair Value assuming a -1% interest rate change
December 31, 2009			
Available-for-sale investments:			
Collateralized loan obligations	17.9	18.5	17.3
Foreign time deposits	22.5	22.6	22.5
Total investments	<u>40.4</u>	<u>41.1</u>	<u>39.8</u>
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	<u>35.8</u>	<u>35.2</u>	<u>36.3</u>

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)
2009					
Currency:					
U.S. dollar	745.7	—	745.7	5.1%	3.4
Japanese yen	0.1	—	0.1	9.7%	1.3
	<u>745.8</u>	<u>—</u>	<u>745.8</u>	<u>5.1%</u>	<u>3.4</u>
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
	<u>1,159.5</u>	<u>12.0</u>	<u>1,147.5</u>	<u>4.9%</u>	<u>3.4</u>

* Measured at amortized cost.

See Item 8, “Financial Statements and Supplementary Data — Note 9, Debt” for additional disclosures relating to the U.S. dollar floating and fixed rate obligations.

The company’s only fixed interest financial assets at December 31, 2009, are foreign time deposit investments of \$22.5 million (2008: \$17.3 million). The weighted average interest rate on these investments is 0.74% (2008: 2.08%) and the weighted average time for which the rate is fixed is 0.4 years (2008: 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.

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 gains were \$7.6 million in 2009 (2008: loss of \$10.7 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	Q409	Q309	Q209	Q109	Q408	Q308	Q208	Q108
Operating revenues:								
Investment management fees	\$ 611.8	\$ 570.3	\$ 501.6	\$ 436.5	\$ 478.5	\$ 664.9	\$ 736.8	\$ 737.6
Service and distribution fees	111.4	111.8	100.4	89.0	101.4	129.4	143.3	138.4
Performance fees	6.8	4.3	8.0	10.9	23.8	18.1	22.2	11.0
Other	17.8	19.4	15.1	12.2	30.7	14.8	33.3	23.4
Total operating revenues	747.8	705.8	625.1	548.6	634.4	827.2	935.6	910.4
Operating expenses:								
Employee compensation	247.1	238.9	229.0	235.8	236.0	264.1	282.9	272.8
Third-party distribution, service and advisory	195.4	183.5	166.3	148.2	162.6	220.9	244.9	247.1
Marketing	30.4	27.7	23.9	26.9	31.3	34.8	38.2	43.9
Property, office and technology	54.8	63.0	48.6	45.9	58.0	50.5	55.7	50.1
General and administrative	49.8	40.0	46.9	30.0	62.0	61.7	73.9	68.4
Transaction and integration	9.8	1.0	—	—	—	—	—	—
Total operating expenses	587.3	554.2	514.7	486.8	549.9	632.0	695.6	682.3
Operating Income	160.5	151.6	110.4	61.8	84.5	195.2	240.0	228.1
Other income/(expense):								
Equity in earnings of unconsolidated affiliates	9.1	7.9	7.5	2.5	11.3	8.0	9.6	17.9
Interest income	2.1	1.7	1.2	4.8	7.2	8.0	10.5	11.5
Gains/(losses) of consolidated investment products, net	25.9	2.1	(48.4)	(86.5)	(56.8)	2.8	40.3	(44.3)
Interest expense	(15.2)	(16.9)	(16.5)	(15.9)	(17.8)	(18.3)	(19.3)	(21.5)
Other gains and losses, net	—	2.0	10.0	(4.2)	(21.9)	(10.4)	(1.1)	(6.5)
Income/(loss) before income taxes, including gains and losses attributable to noncontrolling interests	182.4	148.4	64.2	(37.5)	6.5	185.3	280.0	185.2
Income tax provision	(48.2)	(43.7)	(36.0)	(20.3)	(35.8)	(49.2)	(77.2)	(73.8)
Net income/(loss), including gains and losses attributable to noncontrolling interests	134.2	104.7	28.2	(57.8)	(29.3)	136.1	202.8	111.4
(Gains)/losses attributable to noncontrolling interests in consolidated entities, net	(23.3)	0.5	47.5	88.5	61.2	(4.3)	(40.0)	43.8
Net income attributable to common shareholders	<u>\$ 110.9</u>	<u>\$ 105.2</u>	<u>\$ 75.7</u>	<u>\$ 30.7</u>	<u>\$ 31.9</u>	<u>\$ 131.8</u>	<u>\$ 162.8</u>	<u>\$ 155.2</u>
Earnings per share*:								
— basic	\$ 0.26	\$ 0.24	\$ 0.18	\$ 0.08	\$ 0.08	\$ 0.34	\$ 0.42	\$ 0.40
— diluted	\$ 0.25	\$ 0.24	\$ 0.18	\$ 0.08	\$ 0.08	\$ 0.33	\$ 0.41	\$ 0.39
Average shares outstanding*:								
— basic	434.1	431.6	410.6	394.1	386.3	388.4	390.1	390.0
— diluted	440.1	437.7	416.8	399.9	394.8	399.3	400.7	400.8
Dividends declared per share*:	\$ 0.1025	\$ 0.1025	\$ 0.1025	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.22

* Dividends declared represent amounts declared in the current quarter in respect of the prior quarter, with the exception of the \$0.22 per share dividend declared in the first quarter of 2008. This dividend was attributable to the second half of 2007 and was declared when the company formerly declared semi-annual dividends. 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.

Table of Contents

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements and Supplementary Data

Annual Report of Management on Internal Control over Financial Reporting	61
Changes in Internal Control over Financial Reporting	61
Report of Independent Registered Public Accounting Firm	62
Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting	63
Consolidated Balance Sheets as of December 31, 2009, and 2008	64
Consolidated Statements of Income for the years ended December 31, 2009, 2008 and 2007	65
Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007	66
Consolidated Statements of Changes in Shareholders’ Equity and Comprehensive Income as of and for the years ended December 31, 2009, 2008 and 2007	67
Notes to the Consolidated Financial Statements	68

Annual Report of Management on Internal Control over Financial Reporting

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

Under the supervision and with the participation of the chief executive officer and chief financial officer, management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2009.

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

Changes in Internal Control over Financial Reporting

There were no changes in the company's internal control over financial reporting during the fourth quarter of 2009 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Invesco Ltd.

We have audited the accompanying consolidated balance sheets of Invesco Ltd. (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. 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, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, 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, 2009, 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 26, 2010 expressed an unqualified opinion thereon.

/ s / ERNST & YOUNG LLP

Atlanta, Georgia
February 26, 2010

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, 2009, 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, 2009, 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, 2009 and 2008, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009, of Invesco Ltd. and our report dated February 26, 2010 expressed an unqualified opinion thereon.

/ s / ERNST & YOUNG LLP

Atlanta, Georgia
February 26, 2010

Consolidated Balance Sheets

\$ in millions	As of	
	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	762.0	585.2
Cash and cash equivalents of consolidated investment products	28.0	73.0
Unsettled fund receivables	383.1	303.7
Accounts receivable	289.3	239.3
Investments	182.4	123.6
Prepaid assets	57.6	55.6
Other current assets	77.9	67.3
Deferred tax asset, net	57.7	86.1
Assets held for policyholders	1,283.0	840.2
Total current assets	3,121.0	2,374.0
Non-current assets:		
Investments	157.4	121.3
Investments of consolidated investment products	685.0	843.8
Prepaid assets	16.2	36.3
Other non-current assets	13.0	4.9
Deferred sales commissions	23.8	24.5
Deferred tax asset, net	65.8	37.2
Property and equipment, net	220.7	205.3
Intangible assets, net	139.1	142.8
Goodwill	6,467.6	5,966.8
Total non-current assets	7,788.6	7,382.9
Total assets	10,909.6	9,756.9
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of total debt	—	297.2
Unsettled fund payables	367.9	288.3
Income taxes payable	82.8	37.9
Other current liabilities	564.7	639.8
Policyholder payables	1,283.0	840.2
Total current liabilities	2,298.4	2,103.4
Non-current liabilities:		
Long-term debt	745.7	862.0
Other non-current liabilities	244.7	195.3
Total non-current liabilities	990.4	1,057.3
Total liabilities	3,288.8	3,160.7
Commitments and contingencies (See Note 20)		
Equity:		
Equity attributable to common shareholders:		
Common shares (\$0.20 par value; 1,050.0 million authorized; 459.5 million and 426.6 million shares issued as of December 31, 2009, and 2008, respectively)	91.9	85.3
Additional paid-in-capital	5,688.4	5,352.6
Treasury shares	(892.4)	(1,128.9)
Retained earnings	1,631.4	1,476.3
Accumulated other comprehensive income/(loss), net of tax	393.6	(95.8)
Total equity attributable to common shareholders	6,912.9	5,689.5
Equity attributable to noncontrolling interests in consolidated entities	707.9	906.7
Total equity	7,620.8	6,596.2
Total liabilities and equity	10,909.6	9,756.9

See accompanying notes.

Consolidated Statements of Income

\$ in millions, except per share data	Years Ended December 31,		
	2009	2008	2007
Operating revenues:			
Investment management fees	2,120.2	2,617.8	3,080.1
Service and distribution fees	412.6	512.5	593.1
Performance fees	30.0	75.1	70.3
Other	64.5	102.2	135.4
Total operating revenues	<u>2,627.3</u>	<u>3,307.6</u>	<u>3,878.9</u>
Operating expenses:			
Employee compensation	950.8	1,055.8	1,137.6
Third-party distribution, service and advisory	693.4	875.5	1,051.1
Marketing	108.9	148.2	157.6
Property, office and technology	212.3	214.3	242.5
General and administrative	166.8	266.0	295.8
Transaction and integration	10.8	—	—
Total operating expenses	<u>2,143.0</u>	<u>2,559.8</u>	<u>2,884.6</u>
Operating income	<u>484.3</u>	<u>747.8</u>	<u>994.3</u>
Other income/(expense):			
Equity in earnings of unconsolidated affiliates	27.0	46.8	48.1
Interest income	9.8	37.2	48.5
Gains/(losses) of consolidated investment products, net	(106.9)	(58.0)	214.3
Interest expense	(64.5)	(76.9)	(71.3)
Other gains and losses, net	7.8	(39.9)	9.9
Income before income taxes, including gains and losses attributable to noncontrolling interests	357.5	657.0	1,243.8
Income tax provision	(148.2)	(236.0)	(357.3)
Net income, including gains and losses attributable to noncontrolling interests	209.3	421.0	886.5
(Gains)/losses attributable to noncontrolling interests in consolidated entities, net	113.2	60.7	(212.9)
Net income attributable to common shareholders	<u>322.5</u>	<u>481.7</u>	<u>673.6</u>
Earnings per share:			
— basic	\$ 0.77	\$ 1.24	\$ 1.68
— diluted	\$ 0.76	\$ 1.21	\$ 1.64
Dividends declared per share	\$ 0.4075	\$ 0.520	\$ 0.372

See accompanying notes.

Consolidated Statements of Cash Flows

\$ in millions	Years Ended December 31,		
	2009	2008	2007
Operating activities:			
Net income, including losses attributable to noncontrolling interests of \$106.9 million in 2009 (losses of \$58.0 million in 2008; gains of \$214.3 million in 2007)	209.3	421.0	886.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and depreciation	77.6	67.6	84.1
Share-based compensation expense	90.8	97.7	105.2
Gains on disposal of property, equipment, software, net	(1.2)	(2.0)	(1.1)
Purchase of trading investments	(41.9)	(22.0)	(24.2)
Sale of trading investments	13.1	22.3	24.6
Other gains and losses, net	(7.8)	39.9	(9.9)
(Gains)/losses of consolidated investment products, net	106.9	58.0	(214.3)
Tax benefit from share-based compensation	42.3	54.9	38.2
Excess tax benefits from share-based compensation	(9.4)	(16.8)	(23.1)
Equity in earnings of unconsolidated affiliates	(27.0)	(46.8)	(48.1)
Dividends from unconsolidated affiliates	28.3	29.8	1.8
Changes in operating assets and liabilities:			
Change in cash and cash equivalents held by consolidated investment products	45.0	(37.1)	(4.8)
Decrease/(increase) in receivables	(468.4)	1,118.8	(79.6)
(Decrease)/increase in payables	305.1	(1,259.8)	180.2
Net cash provided by operating activities	<u>362.7</u>	<u>525.5</u>	<u>915.5</u>
Investing activities:			
Purchase of property and equipment	(39.5)	(84.1)	(36.7)
Disposal of property and equipment	6.8	0.2	12.1
Purchase of available-for-sale investments	(50.3)	(109.4)	(80.3)
Proceeds from sale of available-for-sale investments	49.7	84.5	111.8
Purchase of investments by consolidated investment products	(44.1)	(112.3)	(331.5)
Proceeds from sale of investments by consolidated investment products	34.2	188.7	143.6
Returns of capital in investments of consolidated investment products	17.9	99.2	196.0
Purchase of other investments	(53.8)	(27.1)	(25.9)
Proceeds from sale of other investments	10.9	36.2	17.1
Acquisition earn-out payments	(34.2)	(174.3)	(56.0)
Disposal of businesses	—	—	1.6
Net cash used in investing activities	<u>(102.4)</u>	<u>(98.4)</u>	<u>(48.2)</u>
Financing activities:			
Issuance of new shares	441.8	—	—
Proceeds from exercises of share options	80.0	79.8	137.4
Purchases of treasury shares	—	(313.4)	(716.0)
Dividends paid	(168.9)	(207.1)	(155.0)
Excess tax benefits from share-based compensation	9.4	16.8	23.1
Capital invested into consolidated investment products	7.2	96.1	211.0
Capital distributed by consolidated investment products	(52.1)	(241.0)	(318.2)
Borrowings of consolidated investment products	—	28.9	112.6
Repayments of consolidated investment products	—	(9.3)	(33.1)
Net repayments under credit facility	(12.0)	(114.4)	(2.6)
Issuance of senior notes	—	—	300.0
Repayments of senior notes	(397.2)	(2.8)	(300.0)
Acquisition of remaining noncontrolling interest in subsidiary	(8.9)	—	—
Net cash used in financing activities	<u>(100.7)</u>	<u>(666.4)</u>	<u>(740.8)</u>
Increase/(decrease) in cash and cash equivalents	159.6	(239.3)	126.5
Foreign exchange movement on cash and cash equivalents	17.2	(91.3)	10.4
Cash and cash equivalents, beginning of year	585.2	915.8	778.9
Cash and cash equivalents, end of year	<u>762.0</u>	<u>585.2</u>	<u>915.8</u>
Supplemental Cash Flow Information:			
Interest paid	(60.4)	(71.2)	(72.0)
Interest received	10.5	36.9	48.2
Taxes paid	(88.4)	(238.4)	(328.2)

See accompanying notes.

Consolidated Statements of Changes in Equity

\$ in millions	Equity Attributable to Common Shareholders						Accumulated Other Comprehensive (Loss)/Income	Non- controlling interests in consolidated entities	Total Equity
	Common Shares	Ordinary Shares	Exchangeable Shares	Additional Paid-in- Capital	Treasury Shares	Retained Earnings			
January 1, 2007	—	83.2	377.4	4,966.1	(577.9)	700.7	614.5	1,504.6	7,668.6
Net income, including gains and losses attributable to noncontrolling interests	—	—	—	—	—	673.6	—	212.9	886.5
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	—	—	—	—	—	—	—	—	1,224.1
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(596.3)	(596.3)
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	1,121.2	7,711.8
Net income, including gains and losses attributable to noncontrolling interests	—	—	—	—	—	481.7	—	(60.7)	421.0
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 losses on available-for-sale investments	—	—	—	—	—	—	(9.3)	—	(9.3)
Tax impacts of changes in accumulated OCI balances	—	—	—	—	—	—	(4.1)	—	(4.1)
Total comprehensive income	—	—	—	—	—	—	—	—	(626.9)
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(153.8)	(153.8)
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	85.3	—	—	5,352.6	(1,128.9)	1,476.3	(95.8)	906.7	6,596.2
Net income, including gains and losses attributable to noncontrolling interests	—	—	—	—	—	322.5	—	(113.2)	209.3
Other comprehensive income	—	—	—	—	—	—	—	—	—
Currency translation differences on investments in overseas subsidiaries	—	—	—	—	—	—	488.3	—	488.3
Change in accumulated OCI related to employee benefit plans	—	—	—	—	—	—	(15.1)	—	(15.1)
Change in net unrealized gains on available-for-sale investments	—	—	—	—	—	—	14.6	—	14.6
Adoption of ASC Topic 320-10-65	—	—	—	—	—	—	(1.5)	—	(1.5)
Tax impacts of changes in accumulated other comprehensive income balances	—	—	—	—	—	—	3.1	—	3.1
Total comprehensive income	—	—	—	—	—	—	—	—	698.7
Adoption of ASC Topic 320-10-65	—	—	—	—	—	1.5	—	—	1.5
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(84.2)	(84.2)
Issuance of new shares	6.6	—	—	435.2	—	—	—	—	441.8
Dividends	—	—	—	—	—	(168.9)	—	—	(168.9)
Employee share plans:	—	—	—	—	—	—	—	—	—
Share-based compensation	—	—	—	90.8	—	—	—	—	90.8
Vested shares	—	—	—	(127.6)	127.6	—	—	—	—
Exercise of options	—	—	—	(51.5)	131.8	—	—	—	80.3
Tax impact of share-based payment	—	—	—	9.4	—	—	—	—	9.4
Modification of share-based payment awards	—	—	—	(13.0)	—	—	—	—	(13.0)
Purchase of shares	—	—	—	—	(22.9)	—	—	—	(22.9)
Acquisition of remaining noncontrolling interest in subsidiary	—	—	—	(7.5)	—	—	—	(1.4)	(8.9)
December 31, 2009	91.9	—	—	5,688.4	(892.4)	1,631.4	393.6	707.9	7,620.8

See accompanying notes.

Notes to the Consolidated Financial Statements

1. ACCOUNTING POLICIES

Corporate Information

Invesco Ltd. (Parent) and all of its consolidated entities (collectively, the company or Invesco) provide retail, 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 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and consolidate the financial statements of the Parent, all of its controlled subsidiaries, any variable interest entities (VIEs) required to be consolidated, and any non-VIE general partnership investments where the company is deemed to have control. 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. 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) are 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. 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. Non-VIE general partnership investments are deemed to be controlled by the company and would be consolidated under a voting interest entity (VOE) model, unless the limited partners have the substantive ability to remove the general partner without cause based upon a simple majority vote or can otherwise dissolve the partnership, or unless the limited partners have substantive participating rights over decision-making. Investment products that are consolidated are referred to as consolidated investment products in the accompanying Consolidated Financial Statements. All significant intercompany accounts and transactions have been eliminated.

A significant portion of consolidated investment products are private equity funds. Private equity investments made by the underlying funds consist of direct investments in, or fund investments in other private equity funds that hold direct investments in, equity or debt securities in operating companies that are generally not initially publicly traded. Private equity funds are considered investment companies and are therefore accounted for under the Accounting Standards Codification (ASC) Topic 946, "Financial Services — Investment Companies." All of the investments of consolidated investment products are presented at fair value in the financial statements. The company has retained the specialized industry accounting principles of these investment products in our Consolidated Financial Statements. See Note 16, "Consolidated Investment Products," for additional details.

The equity method of accounting is used to account for investments in joint ventures and noncontrolled subsidiaries in which the company's ownership is between 20 and 50 percent and for certain of the company's investments in partnerships, as discussed above. 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 required. 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. Noncontrolling interests in consolidated entities represent the interests in certain entities consolidated by the company either because the company has control over the entity or has determined that it is the primary beneficiary, but of which the company does not own all of the 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

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash at banks, in hand and short-term investments with a maturity upon acquisition of three months or less. Also included in cash and cash equivalents at December 31, 2009, is \$1.7 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 \$465.1 million at December 31, 2009. 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 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, 2009, the European sub-group had cash and cash equivalent balances of \$333.5 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. Accounts receivable include management fees receivable from affiliated funds.

Investments

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

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

Fair value is determined using a valuation hierarchy (discussed in Note 2) 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. Judgment is used to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.

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

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, 2009, the company held \$17.9 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 ASC Topic 320, "Investments — Debt and Equity Securities" (ASC Topic 320) and ASC Topic 325, "Investments — Other" (ASC Topic 325). 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 ASC Topic 944, "Financial Services — Insurance." Changes in fair value are recorded and offset to zero in the Consolidated Statements of Income in other operating revenues.

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). The deferred sales commission asset is reviewed periodically for impairment by reviewing the recoverability of the asset based on estimated future fees to be collected.

Property, Equipment and Depreciation

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

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

Intangible Assets

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. The company considers its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset. 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 consists of 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 the reporting unit exceeds its fair value (the first step of the goodwill impairment test), then the second step is performed to determine if goodwill is impaired and to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of goodwill with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to that excess.

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

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

Debt and Financing Costs

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

Treasury Shares

Treasury shares are valued at cost and are included as deductions from equity.

Revenue Recognition

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

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

institutional and private wealth management distribution channels are calculated in accordance with the underlying investment management contracts and also vary in relation to the level of client assets managed. For the year ended December 31, 2009, management fees from affiliated fund products were \$1,571.1 million (2008: \$1,979.6 million; 2007: \$2,481.6 million).

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

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

Other revenues include fees derived primarily from transaction commissions earned upon the sale of new investments into certain of our funds and fees earned upon the completion of transactions in our real estate and private equity asset groups. Real estate transaction fees are derived from commissions earned through the buying and selling of properties. Private equity transaction fees include commissions associated with the restructuring of, and fees from providing advice to, portfolio companies held by the funds. These transaction fees are recorded in the Consolidated Financial Statements on the date when the transactions are legally closed. Other revenues also include the revenues of consolidated investment products.

Distribution, service and advisory fees that are passed through to external parties are presented separately as expenses in accordance with ASC Topic 605-45, "Revenue Recognition — Principal Agent Considerations." Third-party distribution, service and advisory expenses include periodic "renewal" commissions paid to brokers and independent financial advisors for their continuing oversight of their clients' assets over the time they are invested and are payments for the servicing of client accounts. Renewal commissions are calculated based upon a percentage of the AUM value. 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.

Interest income is accrued on interest-bearing assets.

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

Share-Based Compensation

The company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. The fair value determined at the grant date is expensed, based on the company's estimate of shares that will eventually vest, on a straight-line or accelerated basis over the vesting period. 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.

Pensions

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

Advertising Costs

The company expenses the cost of all advertising and promotional activities as incurred. The company incurred advertising costs of \$21.0 million for the year ended December 31, 2009 (2008: \$30.5 million; 2007: \$28.6 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 ASC Topic 420, "Exit or Disposal Cost Obligations," which requires that (1) a liability for costs to terminate a contract before the end of its term shall be recognized at the time termination occurs and measured at fair value and (2) a liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the company be recognized and measured at its fair value when the company ceases to use the right conveyed by the contract, net of estimated sublease rentals that could reasonably be obtained even if the company does not anticipate entering into any subleasing arrangements.

Taxation

Income taxes are provided for in accordance with ASC Topic 740, "Income Taxes" (ASC Topic 740). Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and the reported amounts in the Consolidated Financial Statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets to the amount that is more likely than not to be realized.

The company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109," which is now encompassed in ASC Topic 740, 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, 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

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 employee benefit plan liability adjustments. Such amounts are recorded net of applicable taxes.

Dividends to Shareholders

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

Translation of Foreign Currencies

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

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

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

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 equity attributable to common shareholders.

Accounting Pronouncements Recently Adopted

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" (FASB Statement No. 157), which became effective for Invesco on January 1, 2008. FASB Statement No. 157, which is now encompassed in ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC Topic 820), clarified 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 established a common definition of fair value, established a framework for measuring fair value under U.S. GAAP, and expanded 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 2, "Fair Value of Assets and Liabilities," for additional disclosures.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations (FASB Statement No. 141(R))," and 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), which is now encompassed in ASC Topic 805, "Business Combinations," 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, which is now encompassed in ASC Topic 810, "Consolidation," 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 became effective for the company on January 1, 2009. FASB Statement

No. 141(R) was applied prospectively, while FASB Statement No. 160 required retroactive adoption of the presentation and disclosure requirements for existing noncontrolling interests but prospective adoption of all of its other requirements. The adoption of FASB Statement No. 141(R) amended the definition of a business, which led to a change in the company's basis, but not the company's conclusion, of determining that it has one reporting unit for goodwill impairment purposes. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Policies and Estimates — Goodwill" for additional information.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FASB Statement No. 159), which became effective for Invesco on January 1, 2008, at its own discretion. FASB Statement No. 159, which is now encompassed under ASC Topic 825, "Financial Instruments" (ASC Topic 825), 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 February 2008, the FASB issued Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157 (FSP FAS 157-2)." FSP FAS 157-2, which is now encompassed in ASC Topic 820, amended 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 delayed 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 applied 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;" (now encompassed in ASC Topic 360, "Property, Plant and Equipment"); (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;" (now encompassed in ASC Topic 420, "Exit or Disposal Cost Obligations") 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 did not have a material impact on the company's financial statements.

In April 2008, the FASB issued Staff Position No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" (FSP FAS 142-3). FSP FAS 142-3, which is now encompassed in ASC Topic 350, "Intangibles — Goodwill and Other" (ASC Topic 350), amended 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, "Goodwill and Other Intangible Assets," also now encompassed in ASC Topic 350. FSP FAS 142-3 required 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 was 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) (now encompassed in ASC Topic 805) and other U.S. GAAP. The guidance provided by FSP FAS 142-3 for determining the useful life of a recognized intangible asset was to be applied prospectively to intangible assets acquired after the effective date, which is January 1, 2009. FSP FAS 142-3 did not have a material impact on the company's financial statements.

During June 2008, the FASB issued 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, which is now encompassed in ASC Topic 260, "Earnings Per Share" (ASC Topic 260), addressed 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," also now encompassed in ASC Topic 260. The guidance in the FSP EITF 03-6-1 provided 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 was effective for financial statements issued for fiscal years beginning after December 15, 2008, with all prior period EPS data being adjusted retrospectively. The adoption of FSP EITF 03-6-1 on January 1, 2009, required the company to include unvested restricted stock units (RSUs) that contain nonforfeitable dividend equivalents as outstanding common shares for purposes of calculating basic

EPS. The adoption of FSP EITF 03-6-1 did not have a material impact on the company's calculation of diluted EPS for the years ended December 31, 2008 and 2007. The weighted average number of shares used for the calculation of prior period earnings per share have been restated to reflect the adoption of FSP EITF 03-6-1. The adoption of FSP EITF 03-6-1 resulted in a change to the year-ended December 31, 2008 and 2007, reported basic earnings per share amounts of \$0.01.

In October 2008, the FASB issued 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 157-3, which is now encompassed in ASC Topic 820, clarified the application of FASB Statement No. 157 (also now encompassed in ASC Topic 820) to financial assets in an inactive market. The FSP included 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 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 March 31, 2009. FSP FAS 140-4 and FIN 46(R)-8, which is now encompassed in ASC Topic 860, "Transfers and Servicing," required 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 16, "Consolidated Investment Products," for additional disclosures.

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), which is now encompassed in ASC Topic 715, "Compensation — Retirement Benefits." 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 plan 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, and are included in Note 19, "Retirement Benefit Plans."

In January 2009, the FASB issued 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 March 31, 2009. FSP EITF 99-20-1, which is now encompassed in ASC Topic 325, revised the impairment guidance provided by EITF 99-20 for beneficial interests to make it consistent with the requirements of FASB Statement No. 115 (now encompassed in ASC Topic 320) for determining whether an impairment of other debt and equity securities is other-than-temporary. FSP EITF 99-20-1 eliminated the requirement to rely exclusively on market participant assumptions about future cash flows and permitted the use of reasonable management judgment of the probability that the holder will be unable to collect all amounts due. Instead, FSP 99-20-1 required 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 company's financial statements.

On April 9, 2009, the FASB issued three Staff Positions (FSPs) intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities. FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions that Are Not Orderly (FSP FAS 157-4)," now encompassed in ASC Topic 820, provided guidelines for making fair value measurements more consistent with the principles presented in FASB Statement No. 157. FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments (FSP FAS 107-1)," now encompassed in ASC Topic 825, enhanced consistency in financial reporting by increasing the frequency of fair value disclosures. FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments (FSP FAS 115-2)," now encompassed in ASC Topic 320-10-65, provided additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on securities.

FSP FAS 157-4 addressed the measurement of fair value of financial assets when there is no active market or where the price inputs being used could be indicative of distressed sales. FSP FAS 157-4 reaffirmed the definition of fair value already reflected in FASB Statement No. 157, which is the price that would be paid to sell an asset in an orderly transaction (as opposed to a distressed or forced transaction) at the measurement date under current market conditions. FSP FAS 157-4 also reaffirmed the need to use judgment to

ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. FSP FAS 157-4 became effective for the company for the period ended June 30, 2009. The application of FSP FAS 157-4 did not have a material impact on the Consolidated Financial Statements. See Note 2, “Fair Value of Assets and Liabilities,” and Note 16, “Consolidated Investment Products,” for additional details.

FSP FAS 107-1 was issued to improve the fair value disclosures for any financial instruments that are not currently reflected on the balance sheets of companies at fair value. Prior to issuing FSP FAS 107-1, fair values of these assets and liabilities were only disclosed on an annual basis. FSP FAS 107-1 required these disclosures on a quarterly basis, providing qualitative and quantitative information about fair value estimates for all financial instruments not measured on the balance sheet at fair value. FSP FAS 107-1 became effective for the company for the period ended June 30, 2009, which required the company to make annual disclosures in its interim financial statements, which are included in Note 2, “Fair Value of Assets and Liabilities,” Note 3, “Investments,” and Note 9, “Debt.”

FSP FAS 115-2 was intended to improve the consistency in the timing of impairment recognition and provide greater clarity to investors about the credit and noncredit components of impaired debt securities that are not expected to be sold. FSP FAS 115-2 required increased and more timely disclosures sought by investors regarding expected cash flows, credit losses, and an aging of securities with unrealized losses. The company adopted FSP FAS 115-2 on April 1, 2009. Upon adoption, the company recorded a cumulative effect adjustment of \$1.5 million to the April 1, 2009, opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income.

In May 2009, the FASB issued Statement No. 165, “Subsequent Events” (FASB Statement No. 165). FASB Statement No. 165, which is now encompassed in ASC Topic 855, “Subsequent Events,” established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, FASB Statement No. 165 provided clarity around the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosure that an entity should make about events or transactions that occurred after the balance sheet date. FASB Statement No. 165 was effective for interim and annual financial reporting periods ending after June 15, 2009, and was applied prospectively. On February 24, 2010, the FASB issued Accounting Standards Update 2010-09, “Amendments to Certain Recognition and Disclosure Requirements” (ASU 2010-09). ASU 2010-09 amended its guidance on subsequent events to remove the requirement for Securities and Exchange Commission filers to disclose the date through which an entity has evaluated subsequent events.

In July 2009, the FASB issued Statement No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — A Replacement of FASB Statement No. 162,” (FASB Statement No. 168). FASB Statement No. 168 replaced the existing hierarchy of U.S. Generally Accepted Accounting Principles with the FASB ASC as the single source of authoritative U.S. accounting and reporting standards applicable for all nongovernmental entities, with the exception of guidance issued by the U.S. Securities and Exchange Commission and its staff. FASB Statement No. 168 is now encompassed in ASC Topic 105, “Generally Accepted Accounting Principles,” and was effective July 1, 2009. The company has replaced references to FASB accounting standards with ASC references, where applicable and relevant, in this Report.

In August 2009, the FASB issued Accounting Standards Update 2009-05, “Fair Value Measurements and Disclosures (Topic 820) — Measuring Liabilities at Fair Value” (ASU 2009-05). ASU 2009-05 amends Topic 820 by providing additional guidance (including illustrative examples) clarifying the measurement of liabilities at fair value. When a quoted price in an active market for the identical liability is not available, the amendments in ASU 2009-05 require that the fair value of a liability be measured using one or more of the listed valuation techniques that should maximize the use of relevant observable inputs and minimize the use of unobservable inputs. In addition, the amendments in ASU 2009-05 clarify that when estimating the fair value of a liability, an entity is not required to include a separate input or adjustment to the other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments also clarify how the price of a traded debt security (i.e., an asset value) should be considered in estimating the fair value of the issuer’s liability. The amendments in ASU 2009-05 became effective for the company on October 1, 2009. The company does not have any liabilities that are measured at fair value on a recurring basis. The company has made the required disclosures in Note 9, “Debt.”

In September 2009, the FASB issued Accounting Standards Update 2009-12, “Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)” (ASU 2009-12). ASU 2009-12 amends ASC Topic 820 to provide further guidance on how to measure the fair value of investments in alternative investments, such as hedge, private equity, real estate, venture capital, offshore and fund of funds. ASU 2009-12 permits, as a practical expedient, the measurement of fair value of an investment on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with ASC Topic 946, “Financial Services — Investment Companies,” including measurement of all or substantially all

of the fund's underlying investments at fair value in accordance with ASC Topic 820. ASU 2009-12 is effective for interim and annual periods ending after December 15, 2009. The adoption of ASU 2009-12 did not have a material impact on the Consolidated Financial Statements.

Recent Accounting Pronouncements Not Yet Adopted

In June 2009, the FASB issued Statement No. 166, "Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140," (FASB Statement No. 166), which addresses the effects of eliminating the qualifying special-purpose entity concept from FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (FASB Statement No. 140), and will generally subject those entities to the consolidation guidance applied to other VIEs as provided by FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)" (FASB Statement No. 167). FASB Statement No. 166 is now encompassed in ASC Topic 860. FASB Statement No. 167 is now encompassed in ASC Topic 810. Specifically, FASB Statement No. 166 introduces the concept of a participating interest, which will limit the circumstances where the transfer of a portion of a financial asset will qualify as a sale, assuming all other derecognition criteria are met, and clarifies and amends the derecognition criteria for determining whether a transfer qualifies for sale accounting. FASB Statement No. 166 will be applied prospectively to new transfers of financial assets occurring on or after January 1, 2010. The adoption of FASB Statement No. 166 did not have a material impact on the company's Consolidated Financial Statements.

In June 2009, the FASB issued Statement No. 167, which addresses the effects of eliminating the qualifying special-purpose entity concept from FASB Statement No. 140 and amends certain provisions of FIN 46(R). Specifically, FASB Statement No. 167 amends certain provisions for determining whether an entity is a VIE, it requires a qualitative rather than a quantitative analysis to determine whether the company is the primary beneficiary of a VIE, it amends FIN 46(R)'s consideration of related party relationships in the determination of the primary beneficiary of a VIE by providing an exception regarding de facto agency relationships in certain circumstances, it requires continuous assessments of whether the company is a VIE's primary beneficiary, and it requires enhanced disclosures about the company's involvement with VIEs, which are generally consistent with those disclosures required by FSP FAS 140-4 and FIN 46(R)-8 discussed above. In February 2010, the FASB issued a deferral of the effective date of FASB Statement No. 167 for a reporting entity's interests in certain investment funds which have attributes of investment companies, for which the reporting entity does not have an obligation to fund losses, and which are not structured as securitization entities. Accordingly, all of the company's managed funds with the exception of certain collateralized loan and debt obligation products (CLOs) qualify for the deferral. FASB Statement No. 167, which is effective January 1, 2010, will have a significant impact on the presentation of the company's financial statements, as its provisions will require the company to consolidate certain CLOs with approximately \$6 billion in AUM at December 31, 2009, that are not currently consolidated. The company's Consolidated Statement of Income will reflect the elimination of management and performance fees earned from these CLOs. The Consolidated Balance Sheet will reflect the collateral assets held and non-recourse debt issued by these CLOs, despite the fact that the assets cannot be used by the company, nor is the company obligated for the debt. In addition, the company's Consolidated Cash Flow Statement will reflect the cash flows of these CLOs.

In January 2010, the FASB issued Accounting Standards Update 2010-06, "Improving Disclosures about Fair Value Measurements" (ASU 2010-06). ASU 2010-06 amends Topic 820 to require a number of additional disclosures regarding fair value measurements. Specifically, ASU 2010-06 requires entities to disclose: (1) the amount of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers; (2) the reasons for any transfers in or out of Level 3; and (3) information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis. Except for the requirement to disclose information about purchases, sales, issuances, and settlements in the reconciliation of recurring Level 3 measurements on a gross basis, all the amendments to Topic 820 made by ASU 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009. As such, these new disclosures will be required in the company's Form 10-Q for the three months ended March 31, 2010.

2. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying value and fair value of financial instruments is presented in the below summary table:

\$ in millions	Footnote Reference	December 31, 2009		December 31, 2008	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	2	762.0	762.0	585.2	585.2
Available for sale investments	2,3	115.2	115.2	103.9	103.9
Assets held for policyholders	4	1,283.0	1,283.0	840.2	840.2
Trading investments	2,3	84.6	84.6	36.2	36.2
Support agreements	16,20	(2.5)	(2.5)	(5.5)	(5.5)
Policyholder payables	4	(1,283.0)	(1,283.0)	(840.2)	(840.2)
Current maturities of total debt	9	—	—	(297.2)	(277.3)
Long-term debt	9	(745.7)	(765.5)	(862.0)	(711.2)
		<u>213.6</u>	<u>193.8</u>	<u>(439.4)</u>	<u>(268.7)</u>

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

- Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

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

Cash equivalents

Cash equivalents include cash investments in money market funds and time deposits. Cash and cash equivalents invested in affiliated money market funds totaled \$465.1 million at December 31, 2009 (December 31, 2008: \$209.4 million). Cash investments in money market funds are valued under the market approach through the use of quoted market prices in an active market, which is the net asset value of the underlying funds, and are classified within level 1 of the valuation hierarchy. Cash investments in time deposits of \$90.5 million at December 31, 2009 (December 31, 2008: \$156.4 million) 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 affiliated collateralized loan obligations (CLOs). Seed money is valued under the market approach through the use of quoted market prices available in an active market and is classified within level 1 of the valuation hierarchy. Seed money investments are investments held in Invesco managed funds with the purpose of providing capital to the funds during their development periods. These investments are recorded at fair value using quoted market prices in active markets; there is no modeling or additional information needed to arrive at the fair values of these investments. Foreign time deposits are valued under the income approach based on observable interest rates and are classified within level 2 of the valuation hierarchy. CLOs are valued using an income approach.

Table of Contents

through the use of certain observable and unobservable inputs. Due to current liquidity constraints within the market for CLO products that require the use of unobservable inputs, these investments are classified as level 3 within the valuation hierarchy. An increase or decrease in the discount rate of 1.0% would change the discounted cash flows of the CLOs by \$0.6 million (2008: \$0.5 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 in affiliated funds that are held to economically hedge current and non-current deferred compensation liabilities. Trading securities are valued under the market approach through the use of quoted prices in an active market and are classified within level 1 of the valuation hierarchy.

Assets held for policyholders

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

The following table presents, for each of the hierarchy levels described above, the carrying value of the company's assets, including major security type for equity and debt securities, which are measured at fair value on the face of the statement of financial position as of December 31, 2009.

	As of December 31, 2009			
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
\$ in millions				
Current assets:				
Cash equivalents:				
Money market funds	498.6	498.6	—	—
Time deposits	90.5	—	90.5	—
Investments:*				
Available-for-sale:				
Seed money	74.8	74.8	—	—
Foreign time deposits	22.5	—	22.5	—
Trading investments:				
Investments related to deferred compensation plans	84.6	84.6	—	—
Assets held for policyholders	1,283.0	1,283.0	—	—
Total current assets	<u>2,054.0</u>	<u>1,941.0</u>	<u>113.0</u>	<u>—</u>
Non-current assets:				
Investments — available-for-sale:				
Collateralized loan obligations	17.9	—	—	17.9
Total assets at fair value	<u>2,071.9</u>	<u>1,941.0</u>	<u>113.0</u>	<u>17.9</u>

* Other current investments of \$0.5 million are excluded from this table. Other non-current equity method and other investments of \$134.7 million and \$4.8 million are also excluded from this table. These investments are not measured at fair value, in accordance with applicable accounting standards.

Table of Contents

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:

\$ in millions	As of December 31, 2008			
	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 investments of \$1.0 million are excluded from this table. Other non-current equity and other 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, 2009	Year Ended December 31, 2008
Beginning balance	17.5	39.0
Net unrealized gains and losses included in accumulated other comprehensive income/(loss)*	6.4	2.8
Purchases and issuances	—	1.5
Other-than-temporary impairment included in other gains and losses, net	(5.2)	(22.7)
Return of capital	(0.8)	(3.1)
Ending balance	<u>17.9</u>	<u>17.5</u>

* Of these net unrealized gains and losses included in accumulated other comprehensive income/(loss), \$6.4 million for the year ended December 31, 2009, is attributed to the change in unrealized gains and losses related to assets still held at December 31, 2009.

3. INVESTMENTS

Current Investments

\$ in millions	2009	2008
Available-for-sale investments:		
Seed money	74.8	69.1
Foreign time deposits	22.5	17.3
Trading investments:		
Investments related to deferred compensation plans	84.6	35.5
Other	—	0.7
Other	0.5	1.0
Total current investments	182.4	123.6

Table of Contents

Non-current Investments

\$ in millions	2009	2008
Available-for-sale investments:		
Collateralized loan obligations (CLOs)	17.9	17.5
Other	—	8.5
Equity method investments	134.7	95.3
Other	4.8	—
Total non-current investments	<u>157.4</u>	<u>121.3</u>

The portion of trading gains and losses for the year ended December 31, 2009, that relates to trading securities still held at December 31, 2009, was \$18.6 million (December 31, 2008: \$18.7 million). Realized gains and losses recognized in the income statement during the year from investments classified as available-for-sale are as follows:

	2009			2008			2007		
\$ in millions	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	47.5	4.5	(1.6)	73.9	1.6	(1.7)	102.8	20.6	—
Non-current available-for-sale investments	2.2	1.4	—	10.6	7.4	—	9.0	2.6	(5.4)

Upon the sale of available-for-sale securities, net realized gains of \$4.3 million, \$7.3 million and \$17.8 million were transferred from accumulated other comprehensive income into the Consolidated Statements of Income during 2009, 2008, and 2007, respectively. The specific identification method is used to determine the realized gain or loss on securities sold or otherwise disposed.

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

	2009				2008			
\$ in millions	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	74.7	5.9	(5.8)	74.8	78.9	3.7	(13.5)	69.1
Foreign time deposits	22.5	—	—	22.5	17.3	—	—	17.3
Other	—	—	—	—	1.0	—	—	1.0
Current available-for-sale investments	97.2	5.9	(5.8)	97.3	97.2	3.7	(13.5)	87.4
Non-current:								
CLOs	12.6	5.3	—	17.9	17.1	0.4	—	17.5
Other	—	—	—	—	6.8	1.7	—	8.5
Non-current available-for-sale investments:	12.6	5.3	—	17.9	23.9	2.1	—	26.0
	<u>109.8</u>	<u>11.2</u>	<u>(5.8)</u>	<u>115.2</u>	<u>121.1</u>	<u>5.8</u>	<u>(13.5)</u>	<u>113.4</u>

Available-for-sale debt securities as of December 31, 2009, by maturity, are set out below:

\$ in millions	Available-for-Sale (Fair Value)
Less than one year	22.5
One to five years	—
Five to ten years	6.2
Greater than ten years	11.7
Total available-for-sale	<u>40.4</u>

Table of Contents

The following table provides the breakdown of available-for-sale investments with unrealized losses at December 31, 2009:

\$ 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 (44 funds)	5.7	(0.3)	25.1	(5.5)	30.8	(5.8)

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	47.1	(12.8)	8.7	(0.7)	55.8	(13.5)

As of December 31, 2009, 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 using appropriate discount rates, indicated a sustained decline in valuation, resulting in credit-related other-than-temporary impairment charges recorded in other gains and losses, net, on the Consolidated Statement of Income during the year ended December 31, 2009, of \$5.2 million (December 31, 2008: \$22.7 million). These securities may recover their value over time; the company does not intend to sell its CLO investments before maturity.

As discussed in Note 1, "Accounting Policies," the company adopted FSP FAS 115-2, now encompassed in ASC Topic 320, on April 1, 2009. Upon adoption, the company recorded a cumulative effect adjustment of \$1.5 million to the April 1, 2009, opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income, representing the non-credit component of previously-recognized other-than-temporary impairment. In addition, during the year ended December 31, 2009, \$0.3 million was recorded as a charge to other comprehensive income from other-than-temporary impairment related to non-credit related factors, primarily the change in discount rates during the period, representing the total other-than-temporary impairment recognized in accumulated other comprehensive income. A rollforward of the cumulative credit-related other-than-temporary impairment charges recognized in earnings for which some portion of the impairment was recorded in other comprehensive income is as follows:

In millions	Nine months ended December 31, 2009
Beginning balance	17.1
Additional credit losses recognized during the period related to securities for which:	
No OTTI has been previously recognized	—
OTTI has been previously recognized	1.7
Ending balance	18.8

The company recorded other-than-temporary impairment charges on seed money investments of \$3.0 million in 2009 (2008: \$8.5 million). The gross unrealized losses of seed money investments were primarily caused by declines in the market value of the underlying funds and foreign exchange movements. After conducting a review of the financial condition and near-term prospects of the underlying securities in the seeded funds as well as the severity and duration of the impairment, the company does not consider 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 noncontrolling interests:

Name of Company	Country of Incorporation	% Voting Interest Owned
India Asset Recovery Management Limited	India	80.1%

Table of Contents

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 16, "Consolidated Investment Products," for additional information. Equity in earnings of unconsolidated affiliates for the year ended December 31, 2009, was \$27.0 million (2008: \$46.8 million; 2007: \$48.1 million).

4. 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, 2009, the assets held for policyholders and the linked policyholder payables were \$1,283.0 million (2008: \$840.2 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.

5. PROPERTY AND EQUIPMENT

Changes in property and equipment balances are as follows:

\$ in millions	Technology and Other Equipment	Software	Land and Buildings*	Leasehold Improvements	Total
Cost:					
January 1, 2009	281.8	191.9	65.0	132.6	671.3
Foreign exchange	7.9	4.9	6.6	5.0	24.4
Additions	15.1	30.8	0.9	6.2	53.0
Transfers	(7.8)	6.8	—	1.0	—
Disposals	(7.0)	(0.2)	—	(2.4)	(9.6)
December 31, 2009	<u>290.0</u>	<u>234.2</u>	<u>72.5</u>	<u>142.4</u>	<u>739.1</u>
Accumulated depreciation:					
January 1, 2009	(233.2)	(146.3)	(5.9)	(80.6)	(466.0)
Foreign exchange	(7.7)	(4.0)	(0.7)	(4.3)	(16.7)
Depreciation expense	(11.6)	(15.0)	(0.9)	(17.5)	(45.0)
Disposals	7.0	—	—	2.3	9.3
December 31, 2009	<u>(245.5)</u>	<u>(165.3)</u>	<u>(7.5)</u>	<u>(100.1)</u>	<u>(518.4)</u>
Net book value:					
December 31, 2009	<u>44.5</u>	<u>68.9</u>	<u>65.0</u>	<u>42.3</u>	<u>220.7</u>
Cost:					
January 1, 2008	340.5	237.9	84.1	124.9	787.4
Foreign exchange	(13.4)	(14.8)	(20.4)	(7.8)	(56.4)
Additions	28.5	25.9	1.3	28.6	84.3
Disposals	(73.8)	(57.1)	—	(13.1)	(144.0)
December 31, 2008	<u>281.8</u>	<u>191.9</u>	<u>65.0</u>	<u>132.6</u>	<u>671.3</u>
Accumulated depreciation:					
January 1, 2008	(307.2)	(203.3)	(6.7)	(90.2)	(607.4)
Foreign exchange	11.6	12.7	2.0	6.5	32.8
Depreciation expense	(9.2)	(12.8)	(1.2)	(9.4)	(32.6)
Disposals	71.6	57.1	—	12.5	141.2
December 31, 2008	<u>(233.2)</u>	<u>(146.3)</u>	<u>(5.9)</u>	<u>(80.6)</u>	<u>(466.0)</u>
Net book value:					
December 31, 2008	<u>48.6</u>	<u>45.6</u>	<u>59.1</u>	<u>52.0</u>	<u>205.3</u>

* Included within land and buildings are \$33.7 million at December 31, 2009 (2008: \$30.6 million), in non-depreciable land assets.

6. INTANGIBLE ASSETS

Intangible assets are predominantly 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, 2009. As a result of that analysis, the company determined that no impairment existed.

\$ in millions	2009	2008
Cost:		
January 1	207.8	205.9
Foreign exchange	0.2	(0.1)
Business acquisitions	—	2.0
Other additions	8.8	—
December 31	216.8	207.8
Accumulated amortization:		
January 1	(65.0)	(51.7)
Foreign exchange	(0.1)	—
Amortization expense	(12.6)	(13.3)
December 31	(77.7)	(65.0)
Net book value:		
December 31	139.1	142.8

Management contracts include \$110.5 million of amounts primarily related to exchange-traded fund contracts acquired during the 2006 acquisition of PowerShares Capital Management LLC. These management contracts 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, 2009, is as follows:

Years Ended December 31,

\$ in millions	
2010	12.0
2011	8.0
2012	4.3
2013	3.6
2014	0.6

7. GOODWILL

The table below details changes in the goodwill balance:

\$ in millions	Gross Book Value	Accumulated Impairment	Net Book Value
January 1, 2008	6,864.6	(16.6)	6,848.0
Business acquisitions — earn-outs	43.8	—	43.8
Other adjustments	1.3	—	1.3
Foreign exchange	(926.3)	—	(926.3)
December 31, 2008	5,983.4	(16.6)	5,966.8
January 1, 2009	5,983.4	(16.6)	5,966.8
Business acquisitions — earn-outs	34.2	—	34.2
Other adjustments	—	—	—
Foreign exchange	466.6	—	466.6
December 31, 2009	6,484.2	(16.6)	6,467.6

Table of Contents

The company's annual goodwill impairment review is performed as of October 1 of each year. Separately, if needed, interim impairment tests are performed if there are indicators that an impairment may have occurred. The impairment tests involve a comparison of the fair value of the reporting unit with its carrying value. If a test concludes that the fair value is below the carrying value, a process of separately valuing each class of asset and liability is followed to determine the impairment adjustment.

Both the 2009 and 2008 annual reviews determined that no impairment existed at the review dates. Separately, due to deteriorating market conditions, interim impairment tests were performed at October 31, 2008, and March 31, 2009. These interim tests also concluded that no impairment had occurred. As each test concluded that the fair value was above the carrying value, there was no need to progress to the process of separately valuing each class of asset and liability. Following the March 31, 2009 interim test, the general market conditions improved and the company did not identify the need for further interim tests during 2009, as no indicators of impairment existed.

8. OTHER CURRENT LIABILITIES

\$ in millions	2009	2008
Accruals and other liabilities	115.2	134.0
Compensation and benefits	45.1	59.1
Accrued bonus and deferred compensation	239.2	275.0
Accounts payable	148.1	150.2
Other	17.1	21.5
Other current liabilities	<u>564.7</u>	<u>639.8</u>

9. DEBT

\$ in millions	December 31, 2009		December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsecured Senior Notes*:				
4.5% — due December 15, 2009	—	—	297.2	277.3
5.625% — due April 17, 2012	215.1	227.0	300.0	231.0
5.375% — due February 27, 2013	333.5	343.4	350.0	299.5
5.375% — due December 15, 2014	197.1	195.1	200.0	168.7
Floating rate credit facility terminated on June 9, 2009	—	—	12.0	12.0
Floating rate credit facility expiring June 9, 2012	—	—	—	—
Total debt	745.7	765.5	1,159.2	988.5
Less: current maturities of total debt	—	—	297.2	277.3
Long-term debt	<u>745.7</u>	<u>765.5</u>	<u>862.0</u>	<u>711.2</u>

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

Analysis of Borrowings by Maturity:

\$ in millions	December 31, 2009
2010	—
2011	—
2012	215.1
2013	333.5
Thereafter	197.1
Total debt	<u>745.7</u>

On June 2, 2009, the company commenced a tender offer for the maximum aggregate principal amount of the outstanding 5.625% senior notes due 2012, the 5.375% senior notes due 2013, and the 5.375% senior notes due 2014 (collectively, the “Notes”) that it could purchase for \$100.0 million at a purchase price per \$1,000 principal amount determined in accordance with the procedures of a modified “Dutch Auction” (tender offer). The tender offer expired at midnight on June 29, 2009, and on June 30, 2009, \$104.3 million of the Notes had been retired, generating a gross gain of \$4.3 million upon the retirement of debt at a discount (\$3.3 million net of related expenses and the write-off of remaining unamortized debt discount costs), which was recorded in other gains and losses, net, in the Consolidated Statement of Income in the year ended December 31, 2009.

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

On June 9, 2009, the company completed a new three-year \$500.0 million revolving bank credit facility. The new credit facility replaced the \$900.0 million credit facility that was scheduled to expire on March 31, 2010, but was terminated concurrent with the entry into the new credit facility. No early termination fees were incurred, and at the time of the termination, there were no loans outstanding under the prior credit facility.

Amounts borrowed under the new credit facility are repayable at maturity on June 9, 2012, provided that such maturity date will automatically be accelerated to March 16, 2012, if 90% or more of the \$300.0 million face amount of the company’s 5.625% senior notes due 2012, are not repaid, repurchased or defeased prior to March 16, 2012. Subject to certain conditions, the company has the right to increase the aggregate borrowings under the new credit facility up to \$750.0 million.

At December 31, 2009, there was no outstanding balance on the new credit facility expiring June 9, 2012. Borrowings under the new credit facility will bear interest at (i) LIBOR for specified interest periods or (ii) a floating base rate (based upon the highest of (a) the Bank of America prime rate, (b) the Federal Funds rate plus 0.50% and (c) LIBOR for an interest period of one month plus 1.00%), plus, in either case, an applicable margin determined with reference to the company’s credit ratings and specified credit default spreads. Based on credit ratings as of December 31, 2009, of the company and such credit default spreads, the applicable margin for LIBOR-based loans was 1.50% and for base rate loans was 0.50%. In addition, the company is required to pay the lenders a facility fee on the aggregate commitments of the lenders (whether or not used) at a rate per annum which is based on the company’s credit ratings. Based on credit ratings as of December 31, 2009, the annual facility fee was equal to 0.50%.

The credit agreement governing the new credit facility contains customary restrictive covenants on the company and its subsidiaries. Restrictive covenants in the credit agreement include, but are not limited to: prohibitions on creating, incurring or assuming any liens; making or holding external loans; entering into certain restrictive merger arrangements; selling, leasing, transferring or otherwise disposing of assets; making certain investments; making a material change in the nature of the business; making material amendments to organic documents; making a significant accounting policy change in certain situations; making or entering into restrictive agreements; becoming a general partner to certain investments; entering into transactions with affiliates; incurring certain indebtedness through the non-guarantor subsidiaries; and making certain restricted payments (with respect to equity and debt holders). Many of these restrictions are subject to certain minimum thresholds and exceptions. Financial covenants under the credit agreement include: (i) the quarterly maintenance of a debt/EBITDA ratio, as defined in the credit agreement, of not greater than 3.25:1.00 through December 31, 2010, and not greater than 3.00:1.00 thereafter, (ii) a coverage ratio (EBITDA, as defined in the credit agreement/interest payable for the four consecutive fiscal quarters ended before the date of determination) of not less than 4.00:1.00, and (iii) maintenance on a monthly basis of consolidated long-term assets under management (as defined in the credit agreement) of not less than \$194.8 billion, which amount is subject to a one-time reset by the company under certain conditions.

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

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

Table of Contents

On December 15, 2009, the company repaid \$294.2 million of 4.5% senior notes.

The company maintains approximately \$44.4 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 \$21.1 million of the letters of credit support office lease obligations.

10. SHARE CAPITAL

Movements in shares issued and outstanding are represented in the table below:

	Common Shares	Ordinary Shares	Exchangeable Shares
In millions			
Shares issued — January 1, 2007	—	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)	—	—
Shares issued — December 4, 2007	424.0	—	—
Exercise of options	0.7	—	—
Shares issued — December 31, 2007	424.7	—	—
Exercise of options	1.9	—	—
Shares issued — December 31, 2008	426.6	—	—
Issuance of new shares	32.9	—	—
Shares issued — December 31, 2009	459.5	—	—
Less: Treasury shares for which dividend and voting rights do not apply	(28.1)	—	—
Shares outstanding — December 31, 2009	431.4	—	—

Common Shares of Invesco Ltd.

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.

On May 26, 2009, the company issued 32.9 million shares in a public offering that produced gross proceeds of \$460.5 million (\$441.8 million net of related expenses).

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, 2009, there were no purchases under this program (December 31, 2008: 5.5 million common shares purchased under this program at a cost of \$139.4 million and 6.1 million shares purchased under the prior share repurchase plan at a cost of \$154.5 million). Separately, an aggregate of 1.6 million shares were withheld on vesting events during the year ended December 31, 2009, to meet employees' tax obligations (December 31, 2008: 0.3 million). The value of these shares withheld was \$22.9 million (December 31, 2008: \$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 previously 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, and at December 31, 2009, the Invesco Employee Share Option Trust held no company shares. The shares formerly held by both the Invesco Global Stock Plan Trust and the Invesco Employee Share Option Trust are now held by the company, the transfers having no accounting implications for the company. These shares are accounted for under the treasury stock method.

The trustees of the Employee Share Option Trust waived dividends amounting to \$3.9 million in 2009 (2008: \$5.0 million; 2007: \$3.6 million). As the Global Stock Plan Trust was terminated in December 2008, there were no waived dividends for this Trust in 2009 (2008: \$4.5 million; 2007: \$1.5 million).

Movements in Treasury Shares comprise:

In millions	Treasury Shares
January 1, 2007	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	(2.9)
December 31, 2007	45.6
Acquisition of common shares	12.6
Distribution of common shares	(4.4)
Common shares distributed to meet option exercises	(3.1)
December 31, 2008	50.7
Acquisition of common shares	1.6
Distribution of common shares	(7.5)
Common shares distributed to meet option exercises	(4.6)
December 31, 2009	<u>40.2</u>

Total treasury shares at December 31, 2009, were 40.2 million, including 12.1 million unvested restricted share awards for which dividend and voting rights apply. The market price of common shares at the end of 2009 was \$23.49. The total market value of the company's 40.2 million treasury shares was \$944.3 million on December 31, 2009.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

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

\$ in millions	2009	2008	2007
Net unrealized gains/(losses) on available-for-sale investments	5.4	(7.7)	1.6
Tax on unrealized gains/(losses) on available-for-sale investments	(1.6)	0.1	(2.2)
Cumulative foreign currency translation adjustments	442.0	(46.3)	987.9
Tax on cumulative foreign currency translation adjustments	2.0	1.3	6.3
Employee benefit plan liability adjustments	(74.5)	(59.4)	(59.1)
Tax on employee benefit plan liability adjustments	20.3	16.2	17.6
Total accumulated other comprehensive income/(loss)	<u>393.6</u>	<u>(95.8)</u>	<u>952.1</u>

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

\$ in millions	2009	2008	2007
Net income, including gains and losses attributable to noncontrolling interests	209.3	421.0	886.5
Adoption of ASC Topic 320-10-65	(1.5)	—	—
Unrealized holding gains and losses on available-for-sale investments	10.6	(33.3)	1.0
Tax on unrealized holding gains and losses on available-for-sale investments	(2.8)	3.2	0.2
Reclassification adjustments for net gains and losses on available-for-sale investments included in net income	4.0	24.0	(17.8)
Tax on reclassification adjustments for gains (losses) on available-for-sale investments included in net income	1.1	(0.9)	0.2
Foreign currency translation adjustments	488.3	(1,034.2)	351.1
Tax on foreign currency translation adjustments	0.7	(5.0)	(1.7)
Adjustments to employee benefit plan liability	(15.1)	(0.3)	7.7
Tax on adjustments to employee benefit plan liability	4.1	(1.4)	(3.1)
Total other comprehensive income/(loss)	<u>698.7</u>	<u>(626.9)</u>	<u>1,224.1</u>

12. GEOGRAPHIC INFORMATION

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

\$ in millions	U.S.	U.K./Ireland	Canada	Europe	Asia	Total
2009						
Operating revenues	1,131.6	1,037.9	353.1	42.8	61.9	2,627.3
Inter-company	11.0	(103.7)	(8.8)	43.4	58.1	—
	<u>1,142.6</u>	<u>934.2</u>	<u>344.3</u>	<u>86.2</u>	<u>120.0</u>	<u>2,627.3</u>
Long-lived assets	127.2	75.0	7.7	3.1	7.7	220.7
2008						
Operating revenues	1,427.8	1,231.7	516.6	58.9	72.6	3,307.6
Inter-company	24.4	(143.4)	(16.1)	59.5	75.6	—
	<u>1,452.2</u>	<u>1,088.3</u>	<u>500.5</u>	<u>118.4</u>	<u>148.2</u>	<u>3,307.6</u>
Long-lived assets	125.9	61.9	8.1	0.9	8.5	205.3
2007						
Operating revenues	1,529.0	1,478.0	697.3	71.2	103.4	3,878.9
Inter-company	38.6	(156.9)	(22.0)	75.0	65.3	—
	<u>1,567.6</u>	<u>1,321.1</u>	<u>675.3</u>	<u>146.2</u>	<u>168.7</u>	<u>3,878.9</u>
Long-lived assets	79.7	81.1	8.4	1.4	9.4	180.0

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

13. OTHER GAINS AND LOSSES, NET

\$ in millions	2009	2008	2007
Other gains:			
Gain on sale of investments	5.9	10.7	32.2
Gain on sale of business	—	—	1.6
Net foreign exchange gains	8.4	—	—
Net gain generated upon debt tender offer	3.3	—	—
Total other gains	<u>17.6</u>	<u>10.7</u>	<u>33.8</u>
Other losses:			
Other-than-temporary impairment of available-for-sale investments	(8.2)	(31.2)	(5.4)
Losses incurred on fund liquidations	—	—	(8.2)
Net foreign exchange losses	—	(13.0)	(10.3)
Other realized losses	(1.6)	(6.4)	—
Total other losses	<u>(9.8)</u>	<u>(50.6)</u>	<u>(23.9)</u>
Other gains and losses, net	<u>7.8</u>	<u>(39.9)</u>	<u>9.9</u>

14. TAXATION

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

\$ in millions	2009	2008	2007
Current:			
Federal	(6.7)	(41.4)	(107.4)
State	(1.4)	(6.9)	(9.0)
Foreign	(130.3)	(156.0)	(260.6)
	<u>(138.4)</u>	<u>(204.3)</u>	<u>(377.0)</u>
Deferred:			
Federal	(9.2)	(31.9)	25.1
State	(0.6)	0.1	2.5
Foreign	—	0.1	(7.9)
	<u>(9.8)</u>	<u>(31.7)</u>	<u>19.7</u>
Total income tax (provision)/benefit	<u>(148.2)</u>	<u>(236.0)</u>	<u>(357.3)</u>

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

\$ in millions	2009	2008
Deferred Tax Assets:		
Deferred compensation arrangements	89.6	104.1
Expenses for vacating leased property	18.8	23.3
Tax loss carryforwards	74.3	52.4
Excess underlying foreign tax credit	—	102.9
Postretirement medical, pension and other benefits	29.6	29.9
Investment basis differences	23.0	17.5
Other	19.5	16.1
Total Deferred Tax Assets	<u>254.8</u>	<u>346.2</u>
Valuation Allowance	<u>(73.2)</u>	<u>(154.3)</u>
Deferred Tax Assets, net of valuation allowance	<u>181.6</u>	<u>191.9</u>
Deferred Tax Liabilities:		
Deferred sales commissions	(12.3)	(12.9)
Intangible asset amortization	(30.7)	(26.9)
Undistributed earnings of subsidiaries	(2.3)	(8.9)
Revaluation reserve	(5.2)	(4.7)
Other	(7.6)	(15.2)
Total Deferred Tax Liabilities	<u>(58.1)</u>	<u>(68.6)</u>
Net Deferred Tax Assets	<u>123.5</u>	<u>123.3</u>

Table of Contents

A reconciliation between the statutory rate and the effective tax rate on income from operations for the years ended December 31, 2009, 2008 and 2007 is as follows:

	2009	2008	2007
Statutory Rate	35.0%	35.0%	35.0%
Foreign jurisdiction statutory income tax rates	(7.4)%	(4.7)%	(4.6)%
State taxes, net of federal tax effect	1.4%	0.5%	0.9%
Additional tax on unremitted earnings	0.2%	(0.2)%	1.1%
Change in valuation allowance for unrecognized tax losses	4.2%	2.0%	0.8%
Non-deductible expenses related to relisting/redomicile	—	—	0.4%
Other	(1.9)%	0.3%	1.0%
Effective tax rate (excluding noncontrolling interests)	31.5%	32.9%	34.6%
Gains/(losses) attributable to noncontrolling interests	10.0%	3.0%	(5.9)%
Effective tax rate per Consolidated Statements of Income	<u>41.5%</u>	<u>35.9%</u>	<u>28.7%</u>

The company's subsidiaries operate in several taxing jurisdictions around the world, each with its own statutory income tax rate. As a result, the blended average statutory tax rate will vary from year to year depending on the mix of the profits and losses of the company's subsidiaries. The majority of our profits are earned in the U.S., Canada and the U.K. The current U.K. statutory tax rate is 28%, the Canadian statutory tax rate is 33% and the U.S. Federal statutory tax rate is 35%.

On December 14, 2007, legislation was enacted to reduce the Canadian income tax rate over five years, which changed the rate to 33.5% in 2008 and 33.0% in 2009. The legislation was revised in December 2009, further reducing the rate to 31.0% in 2010, 28.25% in 2011, and 26.25% in 2012. The reduction in our Canadian deferred tax assets as a result of these rate changes increased our 2009 effective tax rate by 0.1% and is included in "Other" above.

At December 31, 2009, the company had tax loss carryforwards accumulated in certain taxing jurisdictions in the aggregate of \$222.5 million (2008: \$165.0 million), approximately \$18.5 million of which expire between 2010 and 2015, with the remaining \$204.0 million having an indefinite life. A full valuation allowance has been recorded against the deferred tax assets related to these losses based on a history of losses in these taxing jurisdictions which make it unlikely that the deferred tax assets will be realized. As a result of a UK legislative change, effective July 1, 2009, we anticipate that future dividends paid to the UK from non-UK subsidiaries will meet one of the new classes of exemption and thus will not be subject to further UK tax. Since we anticipate that future dividends will be exempt we will no longer be able to utilize our excess underlying foreign tax credits of \$102.9 million in 2008 (2007: \$68.0 million) which had been recorded as a deferred tax asset with a full valuation allowance. We have removed both the deferred tax asset and the associated valuation allowance which had no impact to the Consolidated Statements of Income.

As a multinational corporation, the company operates in various locations around the world and we generate substantially all of our earnings from our subsidiaries. Under ASC 740-30 deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's subsidiaries, consolidated investment products, and joint ventures, except where it is our intention to continue to indefinitely reinvest the undistributed earnings. Our Canadian and U.S. subsidiaries continue to be directly owned by Invesco Holding Company Limited (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 \$1,016 million at December 31, 2009, compared with \$953 million at December 31, 2008. If distributed as a dividend, Canadian withholding tax of 5.0% would be due. Dividends from our investment in the U.S. should not give rise to additional tax as we are not subject to withholding tax between the U.S. and U.K. Deferred tax liabilities in the amount of \$2.3 million (2008: \$8.9 million) for additional tax have been recognized for unremitted earnings of certain subsidiaries that have regularly remitted earnings and are expected to continue to remit earnings in the foreseeable future. The UK dividend exemption law change discussed above should apply to the remainder of our UK subsidiary investments. There is no additional tax on dividends from the U.K. to Bermuda.

The company and its subsidiaries file annual income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and in numerous foreign jurisdictions. A number of years may elapse before an uncertain tax position, for which the company has unrecognized tax benefits, is finally resolved. To the extent that the company has favorable tax settlements, or determines that accrued amounts are no longer needed due to a lapse in the applicable statute of limitations or other change in circumstances, such liabilities, as well as the related interest and penalty, would be reversed as a reduction of income tax expense (net of federal tax effects, if applicable) in the period such determination is made. At January 1, 2009, the company had approximately \$55.9 million of gross unrecognized income tax benefits (UTBs). Of this total, \$22.6 million (net of tax benefits in other jurisdictions

Table of Contents

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, 2009, 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)
Settlements	(11.9)
Balance at December 31, 2008	55.9
Additions for tax positions related to the current year	0.3
Additions for tax positions related to prior years	4.1
Other reductions for tax positions related to prior years	(6.0)
Reductions for statute closings	(15.3)
Balance at December 31, 2009	39.0

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, 2009, the total amount of gross unrecognized tax benefits was \$39.0 million. Of this total, \$20.4 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 \$13.3 million at December 31, 2009, reflecting \$11.1 million of tax benefit realized in 2009. 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 periodically examined by various taxing authorities. With few exceptions, the company is no longer subject to income tax examinations by the primary tax authorities for years prior to 2003. Management monitors changes in tax statutes and regulations and the issuance of judicial decisions to determine the potential impact to uncertain income tax positions. As of December 31, 2009, management had identified no other potential subsequent events that could have a significant impact on the unrecognized tax benefits balance.

15. EARNINGS PER SHARE

The calculation of earnings per share is as follows:

\$ in millions, except per share data	Net Income Attributable to Common Shareholders	Weighted Average Number of Shares*	Per Share Amount*
2009			
Basic earnings per share	\$ 322.5	417.2	\$ 0.77
Dilutive effect of share-based awards	—	6.4	—
Diluted earnings per share	<u>\$ 322.5</u>	<u>423.6</u>	<u>\$ 0.76</u>
2008			
Basic earnings per share	\$ 481.7	388.7	\$ 1.24
Dilutive effect of share-based awards	—	10.4	—
Diluted earnings per share	<u>\$ 481.7</u>	<u>399.1</u>	<u>\$ 1.21</u>
2007			
Basic earnings per share	\$ 673.6	400.0	\$ 1.68
Dilutive effect of share-based awards	—	11.9	—
Diluted earnings per share	<u>\$ 673.6</u>	<u>411.9</u>	<u>\$ 1.64</u>

* The basic weighted average number of shares for the years ended December 31, 2008 and 2007, was restated upon the adoption of FSP EITF 03-6-1, now encompassed in ASC Topic 260, “Earnings Per Share,” as discussed in Note 1. The adoption of FSP EITF 03-6-1 resulted in a change to the reported basic earnings per share amount of \$0.01 and \$0.01 for the years ended December 31, 2008 and 2007, respectively. The adoption of FSP EITF 03-6-1 did not impact diluted earnings per share for the years ended December 31, 2008 or 2007.

See Note 17, “Share Based Compensation,” for a summary of share awards outstanding under the company’s share-based payment programs. These programs could result in the issuance of common shares that would affect the measurement of basic and diluted earnings per share.

Options to purchase 9.6 million common shares at a weighted average exercise price of 2,030 pence were outstanding during the year ended December 31, 2009 (2008: 13.7 million share options at a weighted average exercise price of 1,886 pence; 2007: 15.5 million share options at a weighted average exercise price of 1,886 pence), but were not included in the computation of diluted earnings per share because the option’s exercise price was greater than the average market price of the common shares and therefore their inclusion would have been anti-dilutive.

There were no time-vested share awards that were excluded from the computation of diluted earnings per share during the year ended December 31, 2009, due to their inclusion being anti-dilutive. The company excluded 1.6 million contingently issuable shares from the diluted earnings per share computation for the year ended December 31, 2009, because the necessary performance conditions for the shares are not expected to be met in future years. 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 and 2007 due to their inclusion being anti-dilutive.

16. 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 a voting interest entity (VOE) model where 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.

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. 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 right to the benefits from, nor does it bear the risks associated with, these investments, beyond the company's minimal direct investments in, and management fees generated from, the investment products. If the company were to liquidate, these investments would not be available to the general creditors of the company, and as a result, the company does not consider investments held by consolidated investment products to be company assets.

For CLO entities, as discussed in Note 2, "Fair Value of Assets and Liabilities," the company generally takes only a relatively small portion of the unrated, junior subordinated positions. 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 determined that it did not absorb the majority of the expected gains or losses from the CLOs and therefore is not their primary beneficiary. The company's equity interest in the CLOs of \$17.9 million at December 31, 2009 (December 31, 2008: \$17.5 million), represents its maximum risk of loss.

As discussed in Note 20, "Commitments and Contingencies," the company has entered into contingent support agreements for two of its investment trusts to enable them to sustain a stable pricing structure, creating variable interests in these VIEs. The company earns management fees from the trusts and has a small investment in one of these trusts. The company was not deemed to be the primary beneficiary of these trusts after considering any explicit and implicit variable interests in relation to the total expected gains and losses of the trusts. 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, 2009, to maintain the net asset value of the trusts at \$1.00 per share. The recorded fair value of the guarantees related to these agreements at December 31, 2009, was estimated to be \$2.5 million (December 31, 2008: \$5.5 million), which was recorded as a guarantee obligation in other current liabilities 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.

In June 2009, the company invested in the initial public offering of Invesco Mortgage Capital Inc. (NYSE: IVR), a real estate investment trust which is managed by the company. The company purchased 75,000 common shares of IVR at \$20.00 per share and 1,425,000 limited partner units at \$20.00 per unit through private placements for a total of \$30.0 million. The company determined that IVR is a VIE and that its investment represents a variable interest. The company's ownership interests, which are classified as equity method investments on the company's Consolidated Balance Sheets, combined with its other interests (management fees), were quantitatively assessed to determine if the company is the primary beneficiary of IVR. The company determined that it did not absorb the majority of the expected gains or losses from IVR and therefore is not its primary beneficiary.

On July 8, 2009, the U.S. Treasury announced the launch of the Public-Private Investment Program (PPIP), which was designed to support market functioning and facilitate price discovery in the asset-based securities markets, to allow banks and other financial institutions to re-deploy capital, and to extend new credit to households and businesses. Under this program, the U.S. Treasury will invest up to \$30.0 billion of equity and debt into funds established with private sector investment managers and private investors for the purpose of purchasing legacy securities. The U.S. Treasury has partnered with eight investment management firms, including Invesco, in the PPIP. The company determined that certain feeder funds within the Invesco-sponsored PPIP partnership structure are VIEs; however, the company is not their primary beneficiary, as it does not absorb the majority of the expected gains or losses from these funds. Additionally, the company does not have any capital invested or committed into these funds. Other funds within the PPIP structure are VOEs; however, the company as general partner is not deemed to control these entities due to the presence of substantive kick-out or liquidation rights.

Table of Contents

At December 31, 2009, 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	17.9	17.9
Partnership and trust investments	16.1	16.1
Investments in IVR	30.0	30.0
Support agreements* (See Note 20)	(2.5)	51.0
Total		<u>115.0</u>

* As of December 31, 2009, the committed support under these agreements was \$51.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company.

The following tables reflect the impact of consolidation at fair value of investment products into the Consolidated Balance Sheets as of December 31, 2009, and 2008 and the Consolidated Statements of Income for the periods ended December 31, 2009, 2008 and 2007.

Balance Sheets

\$ in millions	Before Consolidation*	Variable Interest Entities	Voting Interest Entities	Eliminations	Total
As of December 31, 2009					
Current assets	3,089.8	4.2	27.0	—	3,121.0
Non-current assets	7,111.8	67.9	617.1	(8.2)	7,788.6
Total assets	<u>10,201.6</u>	<u>72.1</u>	<u>644.1</u>	<u>(8.2)</u>	<u>10,909.6</u>
Current liabilities	2,293.6	0.7	4.1	—	2,298.4
Non-current liabilities	990.4	—	—	—	990.4
Total liabilities	<u>3,284.0</u>	<u>0.7</u>	<u>4.1</u>	<u>—</u>	<u>3,288.8</u>
Total equity attributable to common shareholders	6,912.9	0.2	8.0	(8.2)	6,912.9
Equity attributable to noncontrolling interests in consolidated entities	4.7	71.2	632.0	—	707.9
Total liabilities and equity	<u>10,201.6</u>	<u>72.1</u>	<u>644.1</u>	<u>(8.2)</u>	<u>10,909.6</u>

\$ in millions	Before Consolidation*	Variable Interest Entities	Voting Interest Entities	Eliminations	Total
As of December 31, 2008					
Current assets	2,296.8	13.6	64.1	(0.5)	2,374.0
Non-current assets	6,555.4	141.9	701.9	(16.3)	7,382.9
Total assets	<u>8,852.2</u>	<u>155.5</u>	<u>766.0</u>	<u>(16.8)</u>	<u>9,756.9</u>
Current liabilities	2,098.3	1.1	4.5	(0.5)	2,103.4
Non-current liabilities	1,057.3	—	—	—	1,057.3
Total liabilities	<u>3,155.6</u>	<u>1.1</u>	<u>4.5</u>	<u>(0.5)</u>	<u>3,160.7</u>
Total equity attributable to common shareholders	5,689.5	0.9	15.4	(16.3)	5,689.5
Equity attributable to noncontrolling interests in consolidated entities	7.1	153.5	746.1	—	906.7
Total liabilities and equity	<u>8,852.2</u>	<u>155.5</u>	<u>766.0</u>	<u>(16.8)</u>	<u>9,756.9</u>

* The Before Consolidation column includes Invesco's equity interest in the investment products, accounted for under the equity method.

Statements of Income

\$ in millions	Before Consolidation*	Variable Interest Entities	Voting Interest Entities	Eliminations	Total
Year ended December 31, 2009					
Total operating revenues	2,633.3	0.3	1.6	(7.9)	2,627.3
Total operating expenses	(2,139.5)	(1.8)	(9.6)	7.9	(2,143.0)
Operating income	493.8	(1.5)	(8.0)	—	484.3
Equity in earnings of unconsolidated affiliates	24.5	—	—	2.5	27.0
Interest income	9.8	—	—	—	9.8
Other investment income/(losses)	7.8	(11.6)	(95.3)	—	(99.1)
Interest expense	(64.5)	—	—	—	(64.5)
Income before income taxes, including gains and losses attributable to noncontrolling interests	471.4	(13.1)	(103.3)	2.5	357.5
Income tax provision	(148.2)	—	—	—	(148.2)
Net income/(loss), including gains and losses attributable to noncontrolling interests	323.2	(13.1)	(103.3)	2.5	209.3
(Gains)/losses attributable to noncontrolling interests in consolidated entities, net	(0.7)	13.1	100.8	—	113.2
Net income attributable to common shareholders.	<u>322.5</u>	<u>—</u>	<u>(2.5)</u>	<u>2.5</u>	<u>322.5</u>

\$ in millions	Before Consolidation*	Variable Interest Entities	Voting Interest Entities	Eliminations	Total
Year ended December 31, 2008					
Total operating revenues	3,308.4	0.3	5.2	(6.3)	3,307.6
Total operating expenses	(2,555.3)	(1.5)	(9.3)	6.3	(2,559.8)
Operating income	753.1	(1.2)	(4.1)	—	747.8
Equity in earnings of unconsolidated affiliates	45.9	—	—	0.9	46.8
Interest income	37.2	—	—	—	37.2
Other investment income/(losses)	(39.9)	15.5	(73.5)	—	(97.9)
Interest expense	(76.9)	—	—	—	(76.9)
Income before income taxes, including gains and losses attributable to noncontrolling interests	719.4	14.3	(77.6)	0.9	657.0
Income tax provision	(236.0)	—	—	—	(236.0)
Net income/(loss), including gains and losses attributable to noncontrolling interests	483.4	14.3	(77.6)	0.9	421.0
(Gains)/losses attributable to noncontrolling interests in consolidated entities, net	(1.7)	(14.3)	76.7	—	60.7
Net income attributable to common shareholders.	<u>481.7</u>	<u>—</u>	<u>(0.9)</u>	<u>0.9</u>	<u>481.7</u>

Table of Contents

\$ in millions	Before Consolidation*	Variable Interest Entities	Voting Interest Entities	Eliminations	Total
Year ended December 31, 2007					
Total operating revenues	3,872.4	5.3	9.9	(8.7)	3,878.9
Total operating expenses	<u>(2,876.3)</u>	<u>(8.8)</u>	<u>(8.2)</u>	<u>8.7</u>	<u>(2,884.6)</u>
Operating income	996.1	(3.5)	1.7	—	994.3
Equity in earnings of unconsolidated affiliates	52.2	—	—	(4.1)	48.1
Interest income	48.5	—	—	—	48.5
Other investment income/(losses)	9.9	202.7	11.6	—	224.2
Interest expense	<u>(71.3)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(71.3)</u>
Income before income taxes , including gains and losses attributable to noncontrolling interests	1,035.4	199.2	13.3	(4.1)	1,243.8
Income tax provision	<u>(357.5)</u>	<u>0.2</u>	<u>—</u>	<u>—</u>	<u>(357.3)</u>
Net income, including gains and losses attributable to noncontrolling interests	677.9	199.4	13.3	(4.1)	886.5
(Gains)/losses attributable to noncontrolling interests in consolidated entities, net	<u>(4.3)</u>	<u>(195.3)</u>	<u>(13.3)</u>	<u>—</u>	<u>(212.9)</u>
Net income attributable to common shareholders.	<u>673.6</u>	<u>4.1</u>	<u>—</u>	<u>(4.1)</u>	<u>673.6</u>

* The Before Consolidation column includes Invesco's equity interest in the investment products, accounted for under the equity method.

During the year ended December 31, 2009, the company deconsolidated \$53.3 million of investments held by consolidated investment products and related noncontrolling interests in consolidated entities as a result of determining that the company is no longer the primary beneficiary. The amounts deconsolidated from the Consolidated Balance Sheet is illustrated in the table below. There was no net impact to the Consolidated Statement of Income for the year ended December 31, 2009, from the deconsolidation of these investment products.

Balance Sheet

\$ in millions	VIEs deconsolidated
Year ended December 31, 2009	
Current assets	—
Non-current assets	<u>53.3</u>
Total assets	<u>53.3</u>
Current liabilities	—
Non-current liabilities	—
Total liabilities	—
Total equity attributable to common shareholders	—
Equity attributable to noncontrolling interests in consolidated entities	<u>53.3</u>
Total liabilities and equity	<u>53.3</u>

As a result of amendments made to limited partnership agreements of certain real estate partnerships in the six months ended June 30, 2008, the company determined that it no longer controlled certain real estate partnerships. Accordingly, amounts reflected in the VIEs deconsolidated column of the table below were deconsolidated effective April 1, 2008. Amendments were made to other limited partnership agreements to add objective transfer criteria, whereby the limited partners have the ability to transfer their economic interests in the funds to other investors without restrictive consent of the general partner. As a result of the addition of objective transfer criteria, a reconsideration event, the non-affiliated limited partner investors are now no longer deemed de facto agents of the general partner. Accordingly, amounts reflected in the VIEs deconsolidated column of the table below were deconsolidated effective April 1, 2008. This reconsideration event also triggered the consolidation at April 1, 2008, under the VIE consolidation model, of \$148.1 million of net assets of consolidated investment products and \$146.6 million of related noncontrolling

Table of Contents

interests. There was no net impact to the Consolidated Statement of Income for the year ended December 31, 2008, from the consolidation or deconsolidation of these investment products.

\$ in millions	VOEs consolidated*	VIEs deconsolidated*	VOEs deconsolidated
Year ended December 31, 2008			
Current assets	5.4	0.4	2.4
Non-current assets	<u>142.8</u>	<u>—</u>	<u>398.0</u>
Total assets	<u>148.2</u>	<u>0.4</u>	<u>400.4</u>
Current liabilities	<u>—</u>	<u>—</u>	<u>—</u>
Non-current liabilities	<u>0.1</u>	<u>—</u>	<u>136.2</u>
Total liabilities	<u>0.1</u>	<u>—</u>	<u>136.2</u>
Equity attributable to common shareholders	1.5	0.4	8.1
Equity attributable to noncontrolling interests in consolidated entities	<u>146.6</u>	<u>—</u>	<u>256.1</u>
Total liabilities and equity	<u>148.2</u>	<u>0.4</u>	<u>400.4</u>

* The company changed the basis of consolidation of \$610.5 million in net assets of consolidated investment products and the related noncontrolling interest of \$600.5 million effective April 1, 2008, from a VOE consolidation model to a VIE consolidation model, which is not reflected in these columns. This change did not impact our Consolidated Financial Statements, as the amounts were already being consolidated.

The carrying value of investments held by consolidated investment products is also their fair value. The following table presents the fair value hierarchy levels of investments held by consolidated investment products, which are measured at fair value as of December 31, 2009:

\$ in millions	As of December 31, 2009			
	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:				
Equity securities	117.2	7.0	—	110.2
Investments in other private equity funds	556.9	—	—	556.9
Debt securities issued by U.S. Treasury	10.9	10.9	—	—
Investments held by consolidated investment products	<u>685.0</u>	<u>17.9</u>	<u>—</u>	<u>667.1</u>

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:

\$ in millions	As of December 31, 2008			
	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

Table of Contents

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

	Year ended December 31, 2009
\$ in millions	
Beginning balance	761.0
Purchases and sales, net	13.8
Gains and losses included in the Consolidated Statement of Income*	(107.7)
Ending balance	<u>667.1</u>

* Included in gains and losses in the Consolidated Statement of Income for the year ended December 31, 2009, are \$110.2 million in net unrealized losses attributable to investments held at December 31, 2009, by consolidated investment products.

Consolidated investment products are generally structured as partnerships. Generally, the investment strategy of underlying holdings in these partnerships is to seek capital appreciation through direct investments in public or private companies with compelling business models or ideas or through investments in partnership investments that also invest in similar private or public companies. Various strategies may be used. Companies targeted could be distressed organizations, targets of leveraged buyouts or fledgling companies in need of venture capital. Investees of these consolidated investment products may not redeem their investment until the partnership liquidates. Generally, the partnerships have a life that range from seven to twelve years unless dissolved earlier. The general partner may extend the partnership term up to a specified period of time as stated in the Partnership Agreement. Some partnerships allow the limited partners to cause an earlier termination upon the occurrence of certain events as specified in the Partnership Agreement.

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

The fair value of level 3 investments held by consolidated investment products are derived from inputs that are unobservable and which reflect the limited partnerships' own determinations about the assumptions that market participants would use in pricing the investments, including assumptions about risk. These inputs are developed based on the partnership's own data, which is adjusted if information indicates that market participants would use different assumptions. The partnerships which invest directly into private equity portfolio companies (direct private equity funds) take into account various market conditions, subsequent rounds of financing, liquidity, financial condition, purchase multiples paid in other comparable third-party transactions, the price of securities of other companies comparable to the portfolio company, and operating results and other financial data of the portfolio company, as applicable.

The partnerships which invest into other private equity funds (funds of funds) take into account information received from those underlying funds, including their reported net asset values and evidence as to their fair value approach, including consistency of their fair value application. These investments do not trade in active markets and represent illiquid long-term investments that generally require future capital commitments. While the partnerships' reported share of the underlying net asset values of the underlying funds is usually the most significant input in arriving at fair value and is generally representative of fair value, other information may also be used to value such investments at a premium or discount to the net asset values as reported by the funds, including allocations of priority returns within the funds as well as any specific conditions and events affecting the funds.

Unforeseen events might occur that would subsequently change the fair values of these investments, but such changes would be inconsequential to the company due to its minimal investments in these products (and the large offsetting noncontrolling interests resulting from their consolidation). Any gains or losses resulting from valuation changes in these investments are substantially offset by resulting changes in gains and losses attributable to noncontrolling interests in consolidated entities and therefore do not have a

material effect on the financial condition, operating results (including earnings per share), liquidity or capital resources of the company's common shareholders.

17. SHARE-BASED COMPENSATION

The company recognized total expenses of \$90.8 million, \$97.7 million and \$105.2 million related to equity-settled share-based payment transactions in 2009, 2008 and 2007, respectively. The total income tax benefit recognized in the Consolidated Statements of Income for share-based compensation arrangements was \$28.6 million for 2009 (2008: \$32.1 million; 2007: \$36.8 million).

Cash received from exercise of share options and sharesave plan awards granted under share-based compensation arrangements was \$80.0 million in 2009 (2008: \$79.8 million; 2007: \$137.4 million). The total tax benefit realized from share option exercises was \$42.3 million in 2009 (2008: \$54.9 million; 2007: \$38.2 million).

Share Awards

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

Time-vested awards vest ratably over or cliff-vest at the end of a period of continued employee service. Performance-vested awards cliff-vest at the end of or vest ratably over a defined vesting period of continued employee service upon the company's attainment of certain performance criteria, generally the attainment of cumulative earnings per share growth targets at the end of the vesting period reflecting a compound annual growth rate of between 10.0% and 15.0% per annum during a three-year period. Time-vested and performance-vested share awards are granted in the form of restricted share awards (RSAs) or restricted share units (RSUs). Dividends accrue directly to the employee holder of RSAs, and cash payments in lieu of dividends are made to employee holders of certain RSUs. There is therefore no discount to the fair value of these share awards at their grant date. Movements on share awards priced in Pounds Sterling prior to the company's primary share listing moving to the New York Stock Exchange from the London Stock Exchange, which occurred on December 4, 2007, in connection with the redomicile of the company from the U.K. to Bermuda, are detailed below:

	2009			2008		2007	
	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	10.2	6.0	9.62	15.2	6.2	15.6	4.6
Granted during the year	—	—	—	—	—	4.9	1.9
Forfeited during the year	(0.3)	(0.3)	10.16	(0.7)	(0.1)	(1.4)	(0.3)
Modification of share-based payment awards*	—	(1.4)	9.37	—	—	—	—
Vested and distributed during the year	(4.5)	(2.3)	7.87	(4.3)	(0.1)	(3.9)	—
Unvested at the end of the year	<u>5.4</u>	<u>2.0</u>	<u>11.24</u>	<u>10.2</u>	<u>6.0</u>	<u>15.2</u>	<u>6.2</u>

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

Table of Contents

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:

	Year ended December 31, 2009		Year ended December 31, 2008	
	Time-Vested	Weighted Average Grant Date Fair Value (\$)	Time-Vested	Weighted Average Grant Date Fair Value (\$)
Millions of shares, except fair values				
Unvested at the beginning of period	3.5	26.64	—	—
Granted during the period	8.9	11.51	3.6	26.65
Forfeited during the period	(0.1)	17.27	(0.1)	27.01
Vested and distributed during the period	(0.7)	24.98	—	—
Unvested at the end of the period	<u>11.6</u>	<u>15.24</u>	<u>3.5</u>	<u>26.64</u>

All share awards outstanding at December 31, 2009, had a weighted average remaining contractual life of 1.26 years. The total fair value of shares that vested during 2009 was \$130.2 million (2008: \$138.3 million; 2007: \$85.3 million). The weighted average fair value at the date of grant of the historical Pound Sterling share awards was 787p (2008: 752p; 2007: 665p). The weighted average fair value at the date of grant of the U.S. dollar share awards was \$24.98.

At December 31, 2009, there was \$150.1 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 2.21 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 (see Note 10, "Share Capital") 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. The company issues shares upon share option exercises from those held in Treasury.

Changes in outstanding share option awards are as follows:

	2009		2008		2007	
	Options	Weighted Average Exercise Price (pence)	Options	Weighted Average Exercise Price (pence)	Options	Weighted Average Exercise Price (pence)
\$ in millions, except prices						
Outstanding at the beginning of year	23.1	1,406.00	29.7	1,296.72	40.5	1,220.54
Forfeited during the year	(2.1)	1,514.59	(1.6)	1,419.28	(3.1)	1,399.81
Exercised during the year	(4.6)	1,019.94	(5.0)	750.17	(7.7)	855.27
Outstanding at the end of the year	<u>16.4</u>	<u>1,498.75</u>	<u>23.1</u>	<u>1,405.79</u>	<u>29.7</u>	<u>1,296.72</u>
Exercisable at the end of the year	<u>16.4</u>	<u>1,498.75</u>	<u>23.0</u>	<u>1,415.63</u>	<u>21.3</u>	<u>1,546.31</u>

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, 2009, had a range of exercise prices from 50 pence to 3,360 pence, and a weighted average remaining contractual life of 2.76 years (for options exercisable at December 31, 2009, the weighted average remaining contractual life is 2.76 years). The total intrinsic value of options exercised during the years ended December 31, 2009, 2008 and 2007 was \$20.7 million, \$41.4 million and \$67.9 million, respectively. At December 31, 2009, the aggregate intrinsic value of options outstanding and options exercisable was \$80.7 million and \$80.7 million, respectively. The market price of the company's common stock at the end of 2009 was \$23.49.

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, 2009, there are 0.2 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 1.0 years at December 31, 2009.

At December 31, 2009, there was \$0.1 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 0.5 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.

18. 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 2021. Certain leases provide for renewal options and contain escalation clauses providing for increased rent based upon maintenance, utility and tax increases.

As of December 31, 2009, 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
2010	61.1	52.9	6.0	2.2
2011	55.0	47.2	6.0	1.8
2012	55.7	47.9	6.0	1.8
2013	54.6	46.9	6.0	1.7
2014	46.1	38.4	6.0	1.7
Thereafter	320.9	281.4	39.5	—
Gross lease commitments	<u>593.4</u>	<u>514.7</u>	<u>69.5</u>	<u>9.2</u>
Less: future minimum payments expected to be received under non-cancelable subleases	<u>104.7</u>	<u>104.7</u>	<u>—</u>	<u>—</u>
Net lease commitments	<u>488.7</u>	<u>410.0</u>	<u>69.5</u>	<u>9.2</u>

The company recognized \$51.7 million, \$49.3 million, and \$57.7 million in operating lease expenses in the Consolidated Statements of Income in 2009, 2008 and 2007, respectively, including lease termination charges of \$12.0 million in 2009, \$5.1 million in 2008, however these costs were offset in 2008 by downward adjustments in rent costs for sub-let office properties of \$8.2 million, and \$7.4 million in 2007. These expenses are net of \$12.8 million, \$6.3 million and \$1.6 million of sublease income in 2009, 2008 and 2007, respectively.

19. 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.

Table of Contents

The total cost charged to the Consolidated Statements of Income for the year ended December 31, 2009, of \$43.6 million (2008: \$44.3 million; 2007: \$44.3 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, 2009, accrued contributions of \$17.1 million (2008: \$21.0 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. Further, during the year ended December 31, 2009, the company terminated one of its U.S. defined benefit retirement plans. 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, 2009. 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	
	2009	2008	2009	2008
Benefit obligation	(330.2)	(271.2)	(48.5)	(46.8)
Fair value of plan assets	262.9	224.6	7.3	6.3
Funded status	<u>(67.3)</u>	<u>(46.6)</u>	<u>(41.2)</u>	<u>(40.5)</u>
Amounts recognized in the Consolidated Balance Sheets:				
Non-current assets	0.2	1.1	—	—
Current liabilities	(0.8)	(1.0)	(2.3)	(2.2)
Non-current liabilities	<u>(66.7)</u>	<u>(46.7)</u>	<u>(38.9)</u>	<u>(38.3)</u>
Funded status	<u>(67.3)</u>	<u>(46.6)</u>	<u>(41.2)</u>	<u>(40.5)</u>

Changes in the benefit obligations were as follows:

\$ in millions	Retirement Plans		Medical Plan	
	2009	2008	2009	2008
January 1	271.2	381.0	46.8	47.7
Service cost	3.9	6.3	0.2	0.4
Interest cost	16.6	20.8	2.8	2.5
Contributions from plan participants	—	0.1	0.6	0.7
Actuarial (gains)/losses	45.8	(43.8)	0.3	(2.7)
Exchange difference	27.7	(83.3)	—	—
Benefits paid	(7.3)	(9.9)	(2.2)	(1.8)
Termination benefits paid*	<u>(27.7)</u>	<u>—</u>	<u>—</u>	<u>—</u>
December 31	<u>330.2</u>	<u>271.2</u>	<u>48.5</u>	<u>46.8</u>

* During the year ended December 31, 2009, the company terminated one of its defined benefit retirement plans in the U.S. Termination benefits of \$27.7 million were paid to plan participants.

Table of Contents

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, 2009, and 2008 are:

	Retirement Plans		Medical Plan	
	2009	2008	2009	2008
Discount rate	5.68%	5.84%	5.80%	6.10%
Expected rate of salary increases	3.62%	3.09%	4.50%	4.50%
Future pension/medical cost trend rate increases	3.50%	2.88%	5.00%-8.00%	5.00%-8.00%

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

\$ in millions	Retirement Plans		Medical Plan	
	2009	2008	2009	2008
January 1	224.6	341.3	6.3	7.6
Actual return on plan assets	42.3	(44.2)	1.1	(1.4)
Exchange difference	22.6	(69.5)	—	—
Contributions from the company	8.0	6.9	—	—
Contributions from plan participants	—	—	0.3	0.3
Benefits paid	(7.3)	(9.9)	(0.4)	(0.2)
Settlement and other	(27.3)	—	—	—
December 31	<u>262.9</u>	<u>224.6</u>	<u>7.3</u>	<u>6.3</u>

The components of the amount recognized in accumulated other comprehensive income at December 31, 2009, and 2008 are as follows:

\$ in millions	Retirement Plans		Medical Plan	
	2009	2008	2009	2008
Prior service cost/(credit)	0.4	0.2	(15.9)	(18.0)
Transition obligation	(0.2)	(0.2)	—	—
Net actuarial loss/(gain)	<u>76.3</u>	<u>59.4</u>	<u>13.9</u>	<u>18.0</u>
	<u>76.5</u>	<u>59.4</u>	<u>(2.0)</u>	<u>—</u>

The amounts in accumulated other comprehensive income expected to be amortized into net periodic benefit cost during the year ending December 31, 2010 are as follows:

\$ in millions	Retirement Plans	Medical Plan
Prior service cost/(credit)	—	(2.0)
Net actuarial loss/(gain)	3.4	3.1
Total	<u>3.4</u>	<u>1.1</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	
	2009	2008
Plans with accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	319.0	(262.2)
Fair value of plan assets	<u>251.2</u>	<u>214.1</u>
Plans with projected benefit obligation in excess of plan assets:		
Projected benefit obligation	319.0	(262.2)
Fair value of plan assets	<u>251.2</u>	<u>214.1</u>

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		
	2009	2008	2007	2009	2008	2007
Service cost	(3.9)	(6.2)	(7.6)	(0.2)	(0.4)	(0.1)
Interest cost	(16.6)	(20.8)	(19.3)	(2.7)	(2.5)	(2.6)
Expected return on plan assets	14.4	22.1	22.6	0.4	0.4	0.4
Amortization of prior service cost/(credit)	(0.1)	—	—	2.0	2.0	2.0
Amortization of net actuarial gain/(loss)	(2.7)	(1.4)	(1.9)	(3.6)	(4.3)	(4.6)
Settlement	(4.0)	—	(0.1)	—	—	—
Net periodic benefit cost	<u>(12.9)</u>	<u>(6.3)</u>	<u>(6.3)</u>	<u>(4.1)</u>	<u>(4.8)</u>	<u>(4.9)</u>

Assumptions

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2009, 2008 and 2007 are:

	Retirement Plans		
	2009	2008	2007
Discount rate	5.84%	5.73%	5.10%
Expected return on plan assets	6.15%	6.93%	6.74%
Expected rate of salary increases	3.09%	5.82%	5.41%
Future pension rate increases	2.88%	3.28%	2.86%

	Medical Plan		
	2009	2008	2007
Discount rate	6.10%	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	5.00%-8.00%	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		
	2009	2008	2007
Health care cost trend rate assumed for next year	8.00%	8.00%	9.00%
Rate to which cost trend rate gradually declines	5.00%	5.00%	5.50%
Year the rate reaches level it is assumed to remain thereafter	2015	2014	2011

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	(0.3)
Effect on defined benefit obligation	6.2	(5.2)

Table of Contents

Plan Assets

The analysis of the plan assets as of December 31, 2009 was as follows:

\$ in millions	Retirement Plans	% Fair Value of Plan Assets	Medical Plan	% Fair Value of Plan Assets
Cash and cash equivalents	6.4	2.4%	0.2	2.7%
Fund investments	122.8	46.7%	7.1	97.3%
Equity securities	89.4	34.0%	—	—
Government debt securities	29.7	11.3%	—	—
Other assets	0.7	0.3%	—	—
Guaranteed investments contracts	13.9	5.3%	—	—
	<u>262.9</u>	<u>100.0%</u>	<u>7.3</u>	<u>100.0%</u>

The analysis of the plan assets as of December 31, 2008 was as follows:

\$ in millions	Retirement Plans	Medical Plan
Cash and cash equivalents	18.6	0.2
Fund investments	54.7	6.1
Equity securities	73.0	—
Government debt securities	49.2	—
Other debt instruments	11.8	—
Other assets	17.3	—
	<u>224.6</u>	<u>6.3</u>

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.

The following table presents the carrying value of the plan assets, including major security type for equity and debt securities, which are measured at fair value as of December 31, 2009:

\$ in millions	As of December 31, 2009			
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	6.6	0.2	6.4	—
Fund investments	129.9	129.9	—	—
Equity securities	89.4	89.4	—	—
Government debt securities	29.7	29.7	—	—
Other assets	0.7	0.7	—	—
Guaranteed investments contracts	13.9	—	—	13.9
	<u>270.2</u>	<u>249.9</u>	<u>6.4</u>	<u>13.9</u>

Information about the valuation hierarchy levels, the valuation techniques, and inputs used to measure fair value are detailed in Note 2, "Fair Value of Assets and Liabilities." Level 1 assets are generally investments into the company's affiliated funds for which a readily determinable market value exists.

Table of Contents

The following is a description of the valuation methodologies used for each major category of plan assets measured at fair value. Information about the valuation hierarchy levels used to measure fair value is detailed in Note 2, "Fair Value of Assets and Liabilities."

Cash and cash equivalents

Cash equivalents include cash investments in money market funds and time deposits. Cash investments in money market funds are valued under the market approach through the use of quoted market prices in an active market, which is the net asset value of the underlying funds, and are classified within level 1 of the valuation hierarchy. Cash investments in time deposits are valued at cost plus accrued interest, which approximates fair value, and are classified within level 2 of the valuation hierarchy.

Fund investments

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

Equity securities, government debt securities, corporate debt securities and other investments

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

Guaranteed investment contract

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

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

\$ in millions	Year Ended December 31, 2009
Balance, beginning of year	12.6
Unrealized gains/(losses) relating to the instrument still held at the reporting date	2.2
Purchases, sales, issuances and settlements (net)	(0.9)
Balance, end of year	<u>13.9</u>

Cash Flows

The estimated amounts of contributions expected to be paid to the plans during 2010 is \$7.9 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:		
2010	6.2	2.3
2011	6.9	2.5
2012	7.4	2.6
2013	8.0	2.7
2014	8.6	2.9
Thereafter in the succeeding five years	52.2	15.8

20. 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, 2009, the company's undrawn capital commitments were \$77.6 million (2008: \$36.5 million).

The volatility and valuation dislocations that occurred from 2007 to 2009 in certain sectors of the fixed income market have generated 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 2009, the agreements were amended to extend the term through June 30, 2010. As of December 31, 2009, the committed support under these agreements was \$51.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company. The recorded fair value of the guarantees related to these agreements at December 31, 2009, was estimated to be \$2.5 million (December 31, 2008: \$5.5 million), which was recorded in other current liabilities on the Consolidated Balance Sheet. 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 deemed to be the primary beneficiary.

A subsidiary of the company has received assessments from the Canada Revenue Agency (CRA) for goods and services tax (GST) related to various taxation periods from April 1999 to December 2006 in the amount of \$20.4 million related to GST on sales charges collected from investors upon the redemption of certain mutual funds. The company has objected to the assessments and sought remedial action in the Ontario Superior Court of Justice. In November 2009, the company was successful in such remedial action and, as a result, anticipates successfully contesting the assessments. As a result of such actions, the CRA is currently considering its next steps and has not responded to the company in this regard. 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 W.L. Ross & Co. 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 in which W.L. Ross & Co. is integrally involved. The maximum remaining contingent payments of \$110.0 million would require annual fund launches to total \$4.0 billion. On October 29, 2009, a \$33.8 million acquisition earn-out was paid to the former owners of W.L. Ross & Co., consisting of \$6.5 million calculated at the April 3, 2009, earn-out measurement date and \$27.3 million calculated at the October 3, 2009, earn-out measurement date. As a result of the transaction, goodwill was increased by this amount.

On October 19, 2009, the company announced that it had entered into a definitive agreement to acquire Morgan Stanley's retail asset management business, including Van Kampen Investments. The transaction was valued at \$1.5 billion (subject to adjustment), consisting of payments by Invesco of \$500.0 million in cash and an aggregate of approximately 44.1 million Invesco common shares and non-voting common equivalent preferred shares, which will result in Morgan Stanley obtaining an approximately 9.3% equity

interest in the company. The transaction has been approved by the boards of directors of both companies and is expected to close in mid-2010, subject to customary regulatory, client and fund shareholder approvals.

Legal Contingencies

Following the industry-wide regulatory investigations in 2003 and 2004, 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 in 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.

21. GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Prior to the December 4, 2007, redomicile of the company from the United Kingdom to Bermuda and the relisting of the company from the London Stock Exchange to the New York Stock Exchange, 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). On June 9, 2009, in connection with the new credit facility agreement discussed in Note 9, "Debt," IVZ, Inc. also became a guarantor of the senior notes. On December 31, 2009, Invesco Aim Advisors, Inc. merged with Invesco Institutional (N.A.), Inc., which was renamed Invesco Advisers, Inc. The company's remaining consolidated subsidiaries do not guarantee this debt. The guarantees of each of the Guarantors are joint and several. Presented below are Condensed Consolidating Balance Sheets as of December 31, 2009, and December 31, 2008, Condensed Consolidating Statements of Income for the year ended December 31, 2009, 2008, and 2007, and Condensed Consolidating Statements of Cash Flows for the year ended December 31, 2009, 2008, and 2007.

Condensed Consolidating Balance Sheets

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2009						
Assets held for policyholders	—	1,283.0	—	—	—	1,283.0
Other current assets	211.5	1,591.7	3.1	31.7	—	1,838.0
Total current assets	211.5	2,874.7	3.1	31.7	—	3,121.0
Goodwill	2,302.8	3,709.4	455.4	—	—	6,467.6
Investments in subsidiaries	714.9	5.7	4,697.7	6,859.3	(12,277.6)	—
Other non-current assets	147.5	1,165.2	4.9	3.4	—	1,321.0
Total assets	<u>3,376.7</u>	<u>7,755.0</u>	<u>5,161.1</u>	<u>6,894.4</u>	<u>(12,277.6)</u>	<u>10,909.6</u>
Policyholder payables	—	1,283.0	—	—	—	1,283.0
Other current liabilities	35.7	972.2	7.1	0.4	—	1,015.4
Total current liabilities	35.7	2,255.2	7.1	0.4	—	2,298.4
Intercompany balances	956.8	(1,660.0)	722.1	(18.9)	—	—
Non-current liabilities	31.5	213.1	745.8	—	—	990.4
Total liabilities	<u>1,024.0</u>	<u>808.3</u>	<u>1,475.0</u>	<u>(18.5)</u>	<u>—</u>	<u>3,288.8</u>
Total equity attributable to common shareholders	<u>2,352.7</u>	<u>6,238.8</u>	<u>3,686.1</u>	<u>6,912.9</u>	<u>(12,277.6)</u>	<u>6,912.9</u>
Equity attributable to noncontrolling interests in consolidated entities	—	707.9	—	—	—	707.9
Total equity	<u>2,352.7</u>	<u>6,946.7</u>	<u>3,686.1</u>	<u>6,912.9</u>	<u>(12,277.6)</u>	<u>7,620.8</u>
Total liabilities and equity	<u>3,376.7</u>	<u>7,755.0</u>	<u>5,161.1</u>	<u>6,894.4</u>	<u>(12,277.6)</u>	<u>10,909.6</u>
2008						
Assets held for policyholders	—	840.2	—	—	—	840.2
Other current assets	96.9	1,401.8	10.7	24.4	—	1,533.8
Total current assets	96.9	2,242.0	10.7	24.4	—	2,374.0
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	1,310.5	11.2	—	—	1,416.1
Total assets	<u>3,212.3</u>	<u>8,991.0</u>	<u>4,530.4</u>	<u>5,682.9</u>	<u>(12,659.7)</u>	<u>9,756.9</u>
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	<u>456.4</u>	<u>1,166.8</u>	<u>1,544.2</u>	<u>(6.7)</u>	<u>—</u>	<u>3,160.7</u>
Total equity attributable to common shareholders	<u>2,755.9</u>	<u>6,917.5</u>	<u>2,986.2</u>	<u>5,689.6</u>	<u>(12,659.7)</u>	<u>5,689.5</u>
Equity attributable to noncontrolling interests in consolidated entities	—	906.7	—	—	—	906.7
Total equity	<u>2,755.9</u>	<u>7,824.2</u>	<u>2,986.2</u>	<u>5,689.6</u>	<u>(12,659.7)</u>	<u>6,596.2</u>
Total liabilities and equity	<u>3,212.3</u>	<u>8,991.0</u>	<u>4,530.4</u>	<u>5,682.9</u>	<u>(12,659.7)</u>	<u>9,756.9</u>

Table of Contents

Condensed Consolidating Statements of Income

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2009						
Total operating revenues	549.7	2,077.6	—	—	—	2,627.3
Total operating expenses	<u>432.1</u>	<u>1,701.3</u>	<u>(3.3)</u>	<u>12.9</u>	<u>—</u>	<u>2,143.0</u>
Operating income/(loss)	117.6	376.3	3.3	(12.9)	—	484.3
Equity in earnings of unconsolidated affiliates	17.1	53.3	148.3	326.3	(518.0)	27.0
Other income/(expense)	<u>(52.2)</u>	<u>(82.3)</u>	<u>(28.4)</u>	<u>9.1</u>	<u>—</u>	<u>(153.8)</u>
Income before income taxes, including gains and losses attributable to noncontrolling interests	82.5	347.3	123.2	322.5	(518.0)	357.5
Income tax provision	<u>(0.2)</u>	<u>(136.5)</u>	<u>(11.5)</u>	<u>—</u>	<u>—</u>	<u>(148.2)</u>
Net income, including gains and losses attributable to noncontrolling interests	82.3	210.8	111.7	322.5	(518.0)	209.3
Losses attributable to the noncontrolling interests in consolidated entities, net	—	<u>113.2</u>	—	—	—	<u>113.2</u>
Net income attributable to common shareholders	<u>82.3</u>	<u>324.0</u>	<u>111.7</u>	<u>322.5</u>	<u>(518.0)</u>	<u>322.5</u>

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Eliminations	Consolidated
2008						
Total operating revenues	683.6	2,624.0	—	—	—	3,307.6
Total operating expenses	<u>(512.5)</u>	<u>(2,020.7)</u>	<u>(9.5)</u>	<u>(17.1)</u>	<u>—</u>	<u>(2,559.8)</u>
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	<u>(6.5)</u>	<u>(48.4)</u>	<u>(75.7)</u>	<u>(7.0)</u>	<u>—</u>	<u>(137.6)</u>
Income before income taxes, including gains and losses attributable to noncontrolling interests	238.5	690.8	171.5	481.7	(925.5)	657.0
Income tax provision	<u>(73.2)</u>	<u>(172.3)</u>	<u>9.5</u>	<u>—</u>	<u>—</u>	<u>(236.0)</u>
Net income, including gains and losses attributable to noncontrolling interests	165.3	518.5	181.0	481.7	(925.5)	421.0
Losses attributable to the noncontrolling interests in consolidated entities, net	—	<u>60.7</u>	—	—	—	<u>60.7</u>
Net income attributable to common shareholders	<u>165.3</u>	<u>579.2</u>	<u>181.0</u>	<u>481.7</u>	<u>(925.5)</u>	<u>481.7</u>

\$ in millions	Guarantors	Non-Guarantors	Issuer*	Parent*	Eliminations	Consolidated
2007						
Total operating revenues	772.3	3,106.6	—	—	—	3,878.9
Total operating expenses	<u>(562.7)</u>	<u>(2,282.9)</u>	<u>(28.2)</u>	<u>(10.8)</u>	<u>—</u>	<u>(2,884.6)</u>
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)	<u>(1.5)</u>	<u>214.4</u>	<u>(11.5)</u>	<u>—</u>	<u>—</u>	<u>201.4</u>
Income before income taxes, including gains and losses attributable to noncontrolling interests	284.0	1,221.2	645.0	673.6	(1,580.0)	1,243.8
Income tax provision	<u>(71.6)</u>	<u>(293.2)</u>	<u>7.5</u>	<u>—</u>	<u>—</u>	<u>(357.3)</u>
Net income, including gains and losses attributable to noncontrolling interests	212.4	928.0	652.5	673.6	(1,580.0)	886.5

Gains attributable to the noncontrolling interests in consolidated entities, net	<u>—</u>	<u>(212.9)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(212.9)</u>
Net income attributable to common shareholders	<u>212.4</u>	<u>715.1</u>	<u>652.5</u>	<u>673.6</u>	<u>(1,580.0)</u>	<u>673.6</u>

* 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
2009						
Net cash provided by/(used in) operating activities	162.4	(182.0)	1.0	218.5	162.8	362.7
Net cash (used in)/provided by investing activities	(26.1)	(139.3)	105.0	(538.0)	496.0	(102.4)
Net cash (used in)/provided by financing activities	(458.3)	803.7	(107.5)	320.2	(658.8)	(100.7)
(Decrease)/increase in cash and cash equivalents	<u>(322.0)</u>	<u>482.4</u>	<u>(1.5)</u>	<u>0.7</u>	<u>—</u>	<u>159.6</u>
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	<u>(0.2)</u>	<u>(231.2)</u>	<u>(2.1)</u>	<u>(5.8)</u>	<u>—</u>	<u>(239.3)</u>
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	<u>5.5</u>	<u>140.0</u>	<u>(25.0)</u>	<u>6.0</u>	<u>—</u>	<u>126.5</u>

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

22. SUBSEQUENT EVENTS

On January 27, 2010, the company declared a fourth quarter 2009 dividend of \$0.1025 per share, payable on March 10, 2010, to shareholders of record at the close of business on February 23, 2010.

As of the date of this Report, the committed support under the support agreements discussed in Note 20, “Commitments and Contingencies,” was \$36.0 million.

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

N/A

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2009. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our chief executive officer and chief financial officer concluded that the company’s

[Table of Contents](#)

disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting is located in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Our independent auditors, Ernst & Young LLP, have issued an audit report on the effectiveness of our internal control over financial reporting. This report appears in 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, 2009, 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 (49) 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 (56) 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 (53) 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 (49) 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 (39) 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 U.K. 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 (48) 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 (55) 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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 5.375% Senior Notes due 2014, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.11 to AMVESCAP’s Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005
- 4.4 Indenture, dated as of April 11, 2007, for AMVESCAP’s 5.625% Senior Notes Due 2012, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and The Bank of New York Trust Company, N.A., incorporated by reference to exhibit 99.1 to AMVESCAP’s Report on Form 6-K, filed with the Securities and Exchange Commission on April 18, 2007
- 4.5 Supplemental Indenture No. 2, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and The Bank of New York Trust Company, N.A., incorporated by reference to exhibit 4.2 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.6 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.3 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007
- 4.7 Supplemental Indenture, dated as of November 27, 2007, among INVESCO PLC, a public limited company organized under the laws of England and Wales, and formerly known as AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., and INVESCO North American Holdings, Inc., Invesco Ltd., a Bermuda corporation, and U.S. Bank National Association, as Successor Trustee to SunTrust Bank, incorporated by reference to exhibit 4.4 to Invesco’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 30, 2007

Table of Contents

- 4.8 Supplemental Indenture No. 3, dated as of June 9, 2009, for the 5.625% Senior Notes due 2012, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), IVZ, Inc., and The Bank of New York Mellon Trust Company, N.A.
- 4.9 Supplemental Indenture No. 2, dated as of June 9, 2009, for the 5.375% Senior Notes due 2013, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), IVZ, Inc., and U.S. Bank National Association, as successor trustee to SunTrust Bank.
- 4.10 Supplemental Indenture No. 2, dated as of June 9, 2009, for the 5.375% Senior Notes due 2014, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), IVZ, Inc., and U.S. Bank National Association, as successor trustee to SunTrust Bank.
- 4.11 Guarantee, dated February 27, 2003, with respect to AMVESCAP's 5.375% Senior Notes Due 2013, made by A I M Management Group Inc., A I M Advisors, Inc., INVESCO Institutional (N.A.), Inc. and INVESCO North American Holdings, Inc., incorporated by reference to exhibit 4.20 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2002, filed with the Securities and Exchange Commission on March 27, 2003
- 10.1 Credit Agreement, dated as of June 9, 2009, among IVZ, Inc., Invesco Ltd., the banks, financial institutions and other institutional lenders from time to time a party thereto and Bank of America, N.A., as administrative agent
- 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 April 1, 2009, incorporated by reference to exhibit 10.1 to Invesco's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed with the Securities and Exchange Commission on May 8, 2009
- 10.6 Invesco Ltd. 2008 Global Equity Incentive Plan, as amended and restated effective January 1, 2009, incorporated by reference to exhibit 10.6 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.7 Invesco Ltd. Executive Incentive Bonus Plan, as amended and restated effective January 1, 2009, incorporated by reference to exhibit 10.7 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.8 Invesco Ltd. Amended and Restated 2005 Non-Qualified Deferred Compensation Plan, effective as of January 1, 2009, incorporated by reference to exhibit 10.8 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
- 10.9 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 Exchange Commission on February 29, 2008

Table of Contents

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, incorporated by reference to exhibit 10.13 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
10.14	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, incorporated by reference to exhibit 10.15 to Invesco's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on February 27, 2009
10.16	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
10.19	Global Partner Agreement, dated January 3, 2001, between James I. Robertson and AMVESCAP Group Services, Inc., incorporated by reference to exhibit 4.16 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005
10.20	Transaction Agreement, dated as of October 19, 2009, between Morgan Stanley and Invesco Ltd., incorporated by reference to exhibit 10.1 to Invesco's Quarterly Report on Form 10-Q for the quarter ended September 20, 2009, filed with the Securities and Exchange Commission on October 30, 2009
16	Letter, dated January 17, 2008, from Ernst & Young LLP (UK) 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 26, 2010
31.1	Certification of Martin L. Flanagan pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Loren M. Starr pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Martin L. Flanagan pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Loren M. Starr pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

Invesco Ltd.

By: /s/ MARTIN L. FLANAGAN

Name: **Martin L. Flanagan**
Title: **President and Chief Executive Officer**

Date: February 26, 2010

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.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MARTIN L. FLANAGAN</u> Martin L. Flanagan	Chief Executive Officer (Principal Executive Officer) and President; Director	February 26, 2010
<u>/s/ LOREN M. STARR</u> Loren M. Starr	Senior Managing Director and Chief Financial Officer (Principal Financial Officer)	February 26, 2010
<u>/s/ DAVID A. HARTLEY</u> David A. Hartley	Group Controller and Chief Accounting Officer (Principal Accounting Officer)	February 26, 2010
<u>/s/ REX D. ADAMS</u> Rex D. Adams	Chairman and Director	February 26, 2010
<u>/s/ SIR JOHN BANHAM</u> Sir John Banham	Director	February 26, 2010
<u>/s/ JOSEPH R. CANION</u> Joseph R. Canion	Director	February 26, 2010
<u>/s/ BEN F. JOHNSON, III</u> Ben F. Johnson, III	Director	February 26, 2010
<u>/s/ DENIS KESSLER</u> Denis Kessler	Director	February 26, 2010
<u>/s/ EDWARD P. LAWRENCE</u> Edward P. Lawrence	Director	February 26, 2010
<u>/s/ J. THOMAS PRESBY</u> J. Thomas Presby	Director	February 26, 2010
<u>/s/ JAMES I. ROBERTSON</u> James I. Robertson	Director	February 26, 2010
<u>/s/ PHOEBE A. WOOD</u> Phoebe A. Wood	Director	February 26, 2010

SUPPLEMENTAL INDENTURE
INVESCO HOLDING COMPANY LIMITED
IVZ, INC.
5.625% SENIOR NOTES DUE 2012
SUPPLEMENTAL INDENTURE NO. 3
DATED AS OF JUNE 9, 2009
The Bank of New York Mellon Trust Company, N.A.,
AS TRUSTEE

SUPPLEMENTAL INDENTURE NO. 3

SUPPLEMENTAL INDENTURE NO. 3 (this “Supplemental Indenture”), dated as of June 9, 2009, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), a public limited company organized under the laws of England and Wales (the “Issuer”), IVZ, Inc., a Delaware corporation (the “New Guarantor”), and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, the “Trustee”).

WHEREAS, the Issuer, Invesco Aim Advisors, Inc. (f/k/a AIM Advisors, Inc.), Invesco Aim Management Group, Inc. (f/k/a AIM Management Group Inc.), Invesco North American Holdings, Inc. (f/k/a INVESCO North America Holdings, Inc.), Invesco Institutional (N.A.), Inc. (f/k/a INVESCO Institutional (N.A.), Inc.), Invesco Ltd. (all of the foregoing other than the Issuer collectively, the “Original Guarantors”) and the Trustee are parties to an Indenture, dated as of April 17, 2007, as amended by the First Supplemental Indenture dated as of April 17, 2007 and the Supplemental Indenture No. 2, dated November 27, 2007 (the “Indenture”), pursuant to which the Issuer issued its 5.625% Senior Notes due 2012;

WHEREAS, the Board of Directors of each of the Issuer and the New Guarantor has determined that it is in the best interests of the Issuer and the New Guarantor to authorize and approve supplements contained herein to the Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee, the Issuer and any affected Guarantor are authorized to execute and deliver a Supplemental Indenture to add any Guarantor of the Securities; and

WHEREAS, the execution and delivery of this instrument have been duly authorized and all conditions and requirements necessary to make this instrument a valid and binding agreement have been duly performed and complied with.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed, for the equal proportionate benefit of all Holders of the Securities, as follows:

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.
 2. Addition of New Guarantor. Execution of this Supplemental Indenture shall evidence the Guarantee provided by the New Guarantor as fully as if endorsed on the Securities, and the New Guarantor agrees to be obligated pursuant to Article XIII of the Indenture. Notwithstanding the provisions of Section 13.03 of the Indenture, (i) the existing Securities shall not be required to be endorsed with the Guarantee provided by the New Guarantor, (ii) the validity and enforceability of such Guarantee shall not be affected by the fact that it is not affixed to any particular Security and (iii) the New Guarantor hereby agrees that its Guarantee shall remain in full force and effect notwithstanding any failure to endorse on the Securities a notation of its Guarantee.
 3. Compliance with Rule 3-10 of Regulation S-X. The Guarantee provided by the New Guarantor shall be interpreted in such a manner that such guarantee will be “full and unconditional” as those words are used in Rule 3-10 of Regulation S-X of the Securities and
-

Exchange Commission, as currently in effect, and Holders shall automatically have any additional rights and remedies against the New Guarantor that may be necessary to yield that result.

4. Effectiveness. On the date hereof, the Indenture shall be supplemented and amended in accordance herewith, this Supplemental Indenture shall form a part of the Indenture for all purposes and the Holders of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby. The Trustee accepts the trusts created by the Indenture, as amended and supplemented by this Supplemental Indenture, and agrees to perform the same upon the terms and conditions of the Indenture, as amended and supplemented by this Supplemental Indenture. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. This Supplemental Indenture shall become effective as of the date hereof at such time as executed counterparts of this Supplemental Indenture have been delivered by each party hereto to the other party hereto. The Issuer shall provide evidence to the Trustee regarding notice of this Supplemental Indenture being given to the Holders.

5. Ratification of Indenture; Supplemental Indenture Part of Indenture. Each of the Issuer and the Trustee hereby confirms and reaffirms the Indenture in every particular except as amended and supplemented by this Supplemental Indenture. Except as supplemented and amended hereby, all provisions in the Indenture shall remain in full force and effect. All provisions of this Supplemental Indenture shall be deemed to be incorporated in, and made a part of, the Indenture; and the Indenture, as amended and supplemented by this Supplemental Indenture, shall be read, taken and construed as one and the same instrument and all provisions in the Indenture and the Securities shall remain in full force and effect.

6. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Issuer, the New Guarantor or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

7. Benefits of Indenture. Nothing in this Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors under the Indenture and hereunder and the Holders of the Securities, any benefit or any legal or equitable right, remedy or claim under the Indenture or this Supplemental Indenture.

8. Trustee Makes No Representation. The recitals herein shall be taken as the statements of the Issuer and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

9. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to applicable principles of conflicts of law thereof that would require the application of the law of any other state).

10. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction hereof.

11. TIA. If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939 (the “TIA”) that is required under the TIA to be part of and govern any provision of this Supplemental Indenture, such provision of the TIA shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first written above.

INVESCO HOLDING COMPANY LIMITED

By: _____
Name: _____
Title: _____

IVZ, INC.

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: _____
Name: _____
Title: _____

SUPPLEMENTAL INDENTURE
INVESCO HOLDING COMPANY LIMITED
IVZ, INC.
5.375% SENIOR NOTES DUE 2013
SUPPLEMENTAL INDENTURE NO. 2
DATED AS OF JUNE 9, 2009
U.S. Bank National Association, as Successor Trustee to SunTrust Bank,
AS TRUSTEE

SUPPLEMENTAL INDENTURE NO. 2

SUPPLEMENTAL INDENTURE, dated as of June 9, 2009, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), a public limited company organized under the laws of England and Wales, (the “Issuer”), IVZ, Inc., a Delaware corporation (the “New Guarantor”), and U.S. Bank National Association, as Successor Trustee to SunTrust Bank (the “Trustee”).

WHEREAS, the Issuer, Invesco Aim Advisors, Inc. (f/k/a AIM Advisors, Inc.), Invesco Aim Management Group, Inc. (f/k/a AIM Management Group Inc.), Invesco North American Holdings, Inc. (f/k/a INVESCO North America Holdings, Inc.), Invesco Institutional (N.A.), Inc. (f/k/a INVESCO Institutional (N.A.), Inc.), Invesco Ltd. (all of the foregoing other than the Issuer collectively, the “Original Guarantors”) and the Trustee are parties to an Indenture, dated as of February 27, 2003, as amended by the Supplemental Indenture No. 1, dated as of November 27, 2007 (the “Indenture”), pursuant to which the Issuer issued its 5.375% Senior Notes due 2013;

WHEREAS, the Board of Directors of each of the Issuer and the New Guarantor has determined that it is in the best interests of the Issuer and the New Guarantor to authorize and approve supplements contained herein to the Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee, the Issuer and any affected Guarantor are authorized to execute and deliver a Supplemental Indenture to add any Guarantor of the Securities; and

WHEREAS, the execution and delivery of this instrument have been duly authorized and all conditions and requirements necessary to make this instrument a valid and binding agreement have been duly performed and complied with.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed, for the equal proportionate benefit of all Holders of the Securities, as follows:

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

2. Addition of New Guarantor. Execution of this Supplemental Indenture shall evidence the Guarantee provided by the New Guarantor as fully as if endorsed on the Securities, and the New Guarantor agrees to be obligated pursuant to Article XIII of the Indenture. Notwithstanding the provisions of Section 13.03 of the Indenture, (i) the existing Securities shall not be required to be endorsed with the Guarantee provided by the New Guarantor, (ii) the validity and enforceability of such Guarantee shall not be affected by the fact that it is not affixed to any particular Security and (iii) the New Guarantor hereby agrees that its Guarantee shall remain in full force and effect notwithstanding any failure to endorse on the Securities a notation of its Guarantee.

3. Compliance with Rule 3-10 of Regulation S-X. The Guarantee provided by the New Guarantor shall be interpreted in such a manner that such guarantee will be “full and unconditional” as those words are used in Rule 3-10 of Regulation S-X of the Securities and Exchange Commission, as currently in effect, and Holders shall automatically have any additional rights and remedies against the New Guarantor that may be necessary to yield that result.

4. Effectiveness. On the date hereof, the Indenture shall be supplemented and amended in accordance herewith, this Supplemental Indenture shall form a part of the Indenture for all purposes and the Holders of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby. The Trustee accepts the trusts created by the Indenture, as amended and supplemented by this Supplemental Indenture, and agrees to perform the same upon the terms and conditions of the Indenture, as amended and supplemented by this Supplemental Indenture. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. This Supplemental Indenture shall become effective as of the date hereof at such time as executed counterparts of this Supplemental Indenture have been delivered by each party hereto to the other party hereto. The Issuer shall provide evidence to the Trustee regarding notice of this Supplemental Indenture being given to the Holders.

5. Ratification of Indenture; Supplemental Indenture Part of Indenture. Each of the Issuer and the Trustee hereby confirms and reaffirms the Indenture in every particular except as amended and supplemented by this Supplemental Indenture. Except as supplemented and amended hereby, all provisions in the Indenture shall remain in full force and effect. All provisions of this Supplemental Indenture shall be deemed to be incorporated in, and made a part of, the Indenture; and the Indenture, as amended and supplemented by this Supplemental Indenture, shall be read, taken and construed as one and the same instrument and all provisions in the Indenture and the Securities shall remain in full force and effect.

6. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Issuer, the New Guarantor or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

7. Benefits of Indenture. Nothing in this Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors under the Indenture and hereunder and the Holders of the Securities, any benefit or any legal or equitable right, remedy or claim under the Indenture or this Supplemental Indenture.

8. Trustee Makes No Representation. The recitals herein shall be taken as the statements of the Issuer and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

9. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to applicable principles of conflicts of law thereof that would require the application of the law of any other state).

10. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction hereof.

11. TIA. If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939 (the "TIA") that is required under the TIA to be part of and govern any provision of this Supplemental Indenture, such provision of the TIA shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be.

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first written above.

INVESCO HOLDING COMPANY LIMITED

By: _____
Name: _____
Title: _____

IVZ, INC.

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

SUPPLEMENTAL INDENTURE
INVESCO HOLDING COMPANY LIMITED
IVZ, INC.
5.375% SENIOR NOTES DUE 2014
SUPPLEMENTAL INDENTURE NO. 2
DATED AS OF JUNE 9, 2009
U.S. Bank National Association, as Successor Trustee to SunTrust Bank,
AS TRUSTEE

SUPPLEMENTAL INDENTURE NO. 2

SUPPLEMENTAL INDENTURE, dated as of June 9, 2009, among Invesco Holding Company Limited (f/k/a AMVESCAP PLC), a public limited company organized under the laws of England and Wales (the “Issuer”), IVZ, Inc., a Delaware corporation (the “New Guarantor”), and U.S. Bank National Association, as Successor Trustee to SunTrust Bank (the “Trustee”).

WHEREAS, the Issuer, Invesco Aim Advisors, Inc. (f/k/a AIM Advisors, Inc.), Invesco Aim Management Group, Inc. (f/k/a AIM Management Group Inc.), Invesco North American Holdings, Inc. (f/k/a INVESCO North America Holdings, Inc.), Invesco Institutional (N.A.), Inc. (f/k/a INVESCO Institutional (N.A.), Inc.), Invesco Ltd. (all of the foregoing other than the Issuer collectively, the “Original Guarantors”) and the Trustee are parties to an Indenture, dated as of December 14, 2004, as amended by the Supplemental Indenture dated as of November 27, 2007 (the “Indenture”), pursuant to which the Issuer issued its 5.375% Senior Notes due 2014;

WHEREAS, the Board of Directors of each of the Issuer and the New Guarantor has determined that it is in the best interests of the Issuer and the New Guarantor to authorize and approve supplements contained herein to the Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee, the Issuer and any affected Guarantor are authorized to execute and deliver a Supplemental Indenture to add any Guarantor of the Securities; and

WHEREAS, the execution and delivery of this instrument have been duly authorized and all conditions and requirements necessary to make this instrument a valid and binding agreement have been duly performed and complied with.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed, for the equal proportionate benefit of all Holders of the Securities, as follows:

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

2. Addition of New Guarantor. Execution of this Supplemental Indenture shall evidence the Guarantee provided by the New Guarantor as fully as if endorsed on the Securities, and the New Guarantor agrees to be obligated pursuant to Article XIII of the Indenture. Notwithstanding the provisions of Section 13.03 of the Indenture, (i) the existing Securities shall not be required to be endorsed with the Guarantee provided by the New Guarantor, (ii) the validity and enforceability of such Guarantee shall not be affected by the fact that it is not affixed to any particular Security and (iii) the New Guarantor hereby agrees that its Guarantee shall remain in full force and effect notwithstanding any failure to endorse on the Securities a notation of its Guarantee.

3. Compliance with Rule 3-10 of Regulation S-X. The Guarantee provided by the New Guarantor shall be interpreted in such a manner that such guarantee will be “full and unconditional” as those words are used in Rule 3-10 of Regulation S-X of the Securities and Exchange Commission, as currently in effect, and Holders shall automatically have any additional rights and remedies against the New Guarantor that may be necessary to yield that result.

4. Effectiveness. On the date hereof, the Indenture shall be supplemented and amended in accordance herewith, this Supplemental Indenture shall form a part of the Indenture for all purposes and the Holders of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby. The Trustee accepts the trusts created by the Indenture, as amended and supplemented by this Supplemental Indenture, and agrees to perform the same upon the terms and conditions of the Indenture, as amended and supplemented by this Supplemental Indenture. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. This Supplemental Indenture shall become effective as of the date hereof at such time as executed counterparts of this Supplemental Indenture have been delivered by each party hereto to the other party hereto. The Issuer shall provide evidence to the Trustee regarding notice of this Supplemental Indenture being given to the Holders.

5. Ratification of Indenture; Supplemental Indenture Part of Indenture. Each of the Issuer and the Trustee hereby confirms and reaffirms the Indenture in every particular except as amended and supplemented by this Supplemental Indenture. Except as supplemented and amended hereby, all provisions in the Indenture shall remain in full force and effect. All provisions of this Supplemental Indenture shall be deemed to be incorporated in, and made a part of, the Indenture; and the Indenture, as amended and supplemented by this Supplemental Indenture, shall be read, taken and construed as one and the same instrument and all provisions in the Indenture and the Securities shall remain in full force and effect.

6. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Issuer, the New Guarantor or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

7. Benefits of Indenture. Nothing in this Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors under the Indenture and hereunder and the Holders of the Securities, any benefit or any legal or equitable right, remedy or claim under the Indenture or this Supplemental Indenture.

8. Trustee Makes No Representation. The recitals herein shall be taken as the statements of the Issuer and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

9. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to applicable principles of conflicts of law thereof that would require the application of the law of any other state).

10. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction hereof.

11. TIA. If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939 (the "TIA") that is required under the TIA to be part of and govern any provision of this Supplemental Indenture, such provision of the TIA shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be.

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first written above.

INVESCO HOLDING COMPANY LIMITED

By: _____
Name: _____
Title: _____

IVZ, INC.

By: _____
Name: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXECUTION VERSION

Published Deal CUSIP Number: _____
Published Revolving Commitment CUSIP Number: _____

CREDIT AGREEMENT

Dated as of June 9, 2009

Among

IVZ, INC.

as Borrower

INVESCO LTD.

as Parent

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

BANK OF AMERICA, N.A.,

as Administrative Agent

BANC OF AMERICA SECURITIES LLC

and

CITIGROUP GLOBAL MARKETS INC.,

as Joint Lead Arrangers and Book Managers

CITIBANK N.A.,

as Syndication Agent

THE BANK OF NEW YORK MELLON,

SUNTRUST BANK,

THE TORONTO-DOMINION BANK,

HSBC BANK USA, NATIONAL ASSOCIATION

and

MORGAN STANLEY BANK, N.A.,

as Co-Documentation Agents

Table of Contents

	Page
ARTICLE I DEFINITIONS AND ACCOUNTING TERMS	1
Section 1.01 Certain Defined Terms	1
Section 1.02 Computation of Time Periods	21
Section 1.03 Accounting Terms	21
ARTICLE II AMOUNTS AND TERMS OF THE ADVANCES	22
Section 2.01 The Advances	22
Section 2.02 Making the Advances	22
Section 2.03 Swing Line Loans	23
Section 2.04 Fees	27
Section 2.05 Termination, Reduction or Increase of the Commitments	27
Section 2.06 Repayment of Advances	29
Section 2.07 Interest on Advances	30
Section 2.08 Interest Rate Determination	31
Section 2.09 Optional Conversion of Advances	31
Section 2.10 Prepayments of Advances	32
Section 2.11 Increased Costs	33
Section 2.12 Illegality; Circumstances Affecting Availability	34
Section 2.13 Payments Generally and Computations	34
Section 2.14 Taxes	36
Section 2.15 Sharing of Payments, Etc	38
Section 2.16 Use of Proceeds	39
Section 2.17 Cash Collateral and Other Credit Support	39
ARTICLE III CONDITIONS TO EFFECTIVENESS AND LENDING	40
Section 3.01 Conditions Precedent to Effectiveness	40
Section 3.02 Conditions Precedent to Each Borrowing and Each Increase Date	42
Section 3.03 Determinations Under Section 3.01	42
ARTICLE IV REPRESENTATIONS AND WARRANTIES	43
Section 4.01 Representations and Warranties of the Parent and the Borrower	43
ARTICLE V COVENANTS OF THE BORROWER	47

Table of Contents
(continued)

	Page
Section 5.01 Affirmative Covenants	47
Section 5.02 Negative Covenants	51
Section 5.03 Financial Covenants	57
ARTICLE VI EVENTS OF DEFAULT	58
Section 6.01 Events of Default	58
Section 6.02 Application of Funds	61
ARTICLE VII ADMINISTRATIVE AGENT	61
Section 7.01 Appointment and Authority	61
Section 7.02 Rights as a Lender	62
Section 7.03 Exculpatory Provisions	62
Section 7.04 Reliance by Administrative Agent	63
Section 7.05 Delegation of Duties	63
Section 7.06 Resignation of Administrative Agent	63
Section 7.07 Non-Reliance on Administrative Agent and Other Lenders	64
Section 7.08 No Other Duties, Etc	64
Section 7.09 Administrative Agent May File Proofs of Claim	64
Section 7.10 Guaranty Matters	65
ARTICLE VIII MISCELLANEOUS	65
Section 8.01 Amendments, Etc	65
Section 8.02 Notices; Effectiveness; Electronic Communication	67
Section 8.03 No Waiver; Remedies	68
Section 8.04 Expenses; Indemnity; Damage Waiver	69
Section 8.05 Right of Set-off	71
Section 8.06 Successors and Assigns	71
Section 8.07 Treatment of Certain Information; Confidentiality	75
Section 8.08 Governing Law	76
Section 8.09 Execution in Counterparts	76
Section 8.10 Survival of Representations and Warranties	76
Section 8.11 Replacement of Lenders	76
Section 8.12 Jurisdiction, Etc	77

Table of Contents
(continued)

	Page
Section 8.13 Judgment	78
Section 8.14 Waiver of Jury Trial	78
Section 8.15 USA PATRIOT Act Notice	79
Section 8.16 Defaulting Lenders and Impacted Lenders	79
Section 8.17 No Advisory or Fiduciary Relationship	83
Section 8.18 Interest Rate Limitation	84
Section 8.19 Severability	84

SCHEDULES

Schedule I	List of Applicable Lending Offices
Schedule 1.01	Commitments
Schedule 1.02	Mandatory Costs
Schedule 4.01(b)	Subsidiaries
Schedule 4.01(d)	Required Authorizations
Schedule 4.01(i)	Disclosed Litigation
Schedule 4.01(u)	Existing Debt
Schedule 5.02(a)	Existing Liens
Schedule 8.02	Administrative Agent's Office; Certain Addresses for Notices

EXHIBITS

Form of

Exhibit A	Note
Exhibit B-1	Notice of Borrowing
Exhibit B-2	Swing Line Loan Notice
Exhibit C	Assignment and Assumption
Exhibit D	Assumption Agreement
Exhibit E-1	Subsidiary Guaranty
Exhibit E-2	Parent Guaranty
Exhibit F	Opinion of U.S. Counsel for the Borrower and certain other Loan Parties
Exhibit G	Opinion of U.K. Counsel for IHCL
Exhibit H	Opinion of Bermuda Counsel for the Parent
Exhibit I	Compliance Certificate

CREDIT AGREEMENT

This Credit Agreement (the “Agreement”) is entered into as of June 9, 2009 among IVZ, Inc., a Delaware corporation (the “Borrower”), Invesco Ltd., a company organized under the laws of Bermuda (the “Parent”), the banks, financial institutions and other institutional lenders (the “Initial Lenders”) listed on the signature pages hereof, and Bank of America, N.A. (“Bank of America”), as administrative agent (the “Administrative Agent” or “Agent”) for the Lenders (as hereinafter defined) and as Swing Line Lender (as hereinafter defined), hereby agree as follows:

PRELIMINARY STATEMENT

The Borrower has requested that the Lenders provide a revolving credit facility in an initial principal amount of up to \$500,000,000, and the Lenders are willing to do so on the terms and conditions set forth herein.

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

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

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

“Administrative Agent’s Account” means the account of the Administrative Agent maintained by the Administrative Agent at Bank of America with its office at Charlotte, North Carolina, ABA No. 026009593, Account No. 1366212250600 Bank of America N.A. New York, NY Account Name: Corporate Credit Support Re: Invesco.

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

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

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

Pricing Level	Debt Rating	All In Drawn LIBOR Spread
1	$\geq$ A1/A+	(i) 75% of CDX Index rate or (ii) 1.500%, whichever is greater
2	A2/A	(i) 85% of CDX Index rate or (ii) 1.700%, whichever is greater
3	A3/A-	(i) 100% of CDX Index rate or (ii) 2.000%, whichever is greater
4	Baa1/BBB+	(i) 125% of CDX Index rate or (ii) 2.500%, whichever is greater
5	$\leq$ Baa2/BBB	(i) 150% of CDX Index rate or (ii) 3.000%, whichever is greater

Where,

“CDX Index” means, as of any date of determination, the Markit CDX.NA.IG Series 12 or any successor series (5 Year Period), as available on such date to the applicable office of the Administrative Agent. The CDX Index will be determined (a) in the case of Eurocurrency Rate Advances, on the Business Day on which the Eurocurrency Rate for the initial and any subsequent Interest Period applicable thereto is set and, for such Eurocurrency Rate Advances with an Interest Period longer than three months, at the end of each successive three-month period after the first day of such Interest Period and (b) in the case of Base Rate Advances, on the Effective Date and on the first Business Day of each calendar quarter thereafter.

“Debt Rating” means, as of any date of determination, the rating as determined by either S&P or Moody’s (collectively, the “Debt Ratings”) of (i) the Borrower’s non-credit-enhanced, senior unsecured long-term debt, or (ii) if the Borrower does not have any such rated debt, IHCL’s non-credit-enhanced (except

as guaranteed by the Borrower and the other Guarantors), senior unsecured long- term debt, or (iii) if neither the Borrower nor IHCL has such rated debt, respectively, the senior credit facility provided to Borrower by this Agreement and the other Loan Documents; *provided* that (a) if the respective Debt Ratings issued by the foregoing rating agencies differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level 1 being the highest and the Debt Rating for Pricing Level 5 being the lowest); (b) if there is a split in Debt Ratings of more than one level, then the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply; (c) if only one Debt Rating is provided, the Pricing Level that is one level lower than that of such Debt Rating shall apply; and (d) if no Debt Ratings exist, Pricing Level 5 shall apply.

“ Markit ” means Markit Group, Ltd.

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

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

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

“ Applicable Margin for Eurocurrency Rate Advances ” means, as of any date, the Applicable All in Drawn LIBOR Spread less the Applicable Percentage. If the CDX Index is unavailable on the date of determination, the Applicable All In Drawn LIBOR Spread will be calculated using the CDX Index in effect on the day immediately prior to the unavailability of the CDX Index unless and until the Borrower and the Required Lenders agree on an alternative method of calculating the Applicable Margin for Eurocurrency Rate Advances.

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

Debt Rating	Applicable Percentage
≥ A1/A+	0.300%
A2/A	0.400%
A3/A-	0.500%
Baa1/BBB+	0.625%
≤ Baa2/BBB	0.750%

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

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

“Arrangers” means the entities listed as Joint Lead Arrangers on the cover page hereto.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption agreement entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C attached hereto.

“Assuming Lender” means an Eligible Assignee not previously a Lender that becomes a Lender hereunder pursuant to Section 2.05(b).

“Assumption Agreement” means an agreement in substantially the form of Exhibit D attached hereto by which an Eligible Assignee agrees to become a Lender hereunder pursuant to Section 2.05(b), in each case agreeing to be bound by all obligations of a Lender hereunder.

“Audited Financial Statements” means the audited Consolidated balance sheet of the Parent and its Subsidiaries for the fiscal year ended December 31, 2008 and the related Consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Parent and its Subsidiaries, including the notes thereto.

“Bank of America” has the meaning specified in the recital of parties to this Agreement.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus $\frac{1}{2}$ of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, and (c) the Eurocurrency Rate for an Interest Period of one month plus 1.00%. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such

announced rate. Any change (i) in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change, and (ii) in the Eurocurrency Rate described in clause (c) above shall take effect on the date of such change.

“Base Rate Advance” means an Advance denominated in Dollars that bears interest as provided in Section 2.07(a)(i).

“Borrower” has the meaning specified in the recital of parties to this Agreement.

“Borrowing” means a borrowing consisting of simultaneous Advances of the same Type, and in the case of Eurocurrency Rate Advances, having the same Interest Period, made by each of the Lenders pursuant to Section 2.01 or a Swing Line Borrowing, or both, as the context may require.

“Business Day” means a day of the year other than a day on which banks are required or authorized by law to close in New York City and Charlotte, North Carolina and, if the applicable Business Day relates to any Eurocurrency Rate Advances, a day on which dealings are carried on in the London interbank market and banks are open for business in London.

“Capital Leases” means all leases that have been or should be, in accordance with GAAP, recorded as capital leases.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Swing Line Lender, as collateral for obligations of Defaulting Lenders to fund participations in respect of Swing Line Loans, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the Swing Line Lender. “Cash Collateral” shall have a meaning correlative to the foregoing.

“Commitment” means, as to any Lender, the Dollar amount set forth opposite its name on Schedule 1.01 or, if such Lender has entered into any Assumption Agreement or Assignment and Assumption, the Dollar amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.06(c), in each case as such amount may be reduced pursuant to Section 2.05(a) or increased pursuant to Section 2.05(b).

“Compliance Certificate” means a compliance certificate in the form of Exhibit I attached hereto.

“Consolidated” refers to the consolidation of accounts in accordance with GAAP.

“Consolidated Long Term Assets Under Management” means, as of any date of determination, for the Parent and its Subsidiaries on a Consolidated basis, the total assets under management excluding money market assets under management as calculated in a manner consistent with the calculation thereof as set forth in the Parent’s press release on assets under management dated May 8, 2009.

“Convert”, “Conversion” and “Converted” each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

“Debt” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than (i) trade payables and other current accruals incurred in the ordinary course of such Person’s business and payable on customary terms and (ii) earn-out obligations), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property) (other than trade payables incurred in the ordinary course of such Person’s business and payable on customary terms), (e) all obligations of such Person as lessee under Capital Leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all net payment obligations of such Person in respect of Hedge Agreements on the date of determination, (h) all Debt of others referred to in clauses (a) through (g) above or clause (i) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through a written agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt, but with respect to such Debt that is non-recourse, only to the extent of the lesser of the amount of such Debt or the fair market value of the property at the time of determination that is encumbered by such Lien, *provided* that, in no event shall “Debt” include any obligations of the Parent or any of its Subsidiaries incurred in connection with any securitization program described in Section 5.02(d)(ii).

“Debt/EBITDA Ratio” means, as of any date of determination, the ratio of (a) Adjusted Debt (excluding (i) Subsidiary Non-Recourse Debt, (ii) so long as the Parent and its Subsidiaries own 100% of the Office Equipment Sale and Leaseback Bonds, liabilities with respect to the Office Equipment Sale and Leaseback Lease, (iii) the Qualified Equity Portion of Qualified Securities to the extent such amount is otherwise included in Adjusted Debt, and (iv) in the event that the Borrower or any Guarantor has issued the New Notes in connection with a refinancing of the 2012 Notes and an extension of the Maturity Date (as provided in the definition of such term), for purposes of calculating the Debt/EBITDA Ratio for the period of four consecutive fiscal quarters of the Parent ending March 31, 2012, the lesser of the aggregate outstanding principal

amount of (x) the 2012 Notes and (y) the New Notes, in each case to the extent otherwise included in Adjusted Debt) to (b) EBITDA (excluding for purpose of this calculation of EBITDA only that portion of EBITDA attributable to the net income, expenses, losses, charges and gains of each Special Purpose Subsidiary) for each period of four consecutive fiscal quarters of the Parent ended on or immediately prior to such time.

“Debt Rating” has the meaning specified in the definition of Applicable All In Drawn LIBOR Spread.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Default Excess” has the meaning specified in Section 8.16.

“Defaulted Advance” has the meaning specified in Section 8.16.

“Defaulted Payment” has the meaning specified in Section 8.16.

“Defaulting Lender” has the meaning specified in Section 8.16.

“Disclosed Litigation” has the meaning specified in Section 4.01(i).

“Distress Event” has the meaning specified in Section 8.16.

“Distressed Person” has the meaning specified in Section 8.16.

“Dollars” and the “\$” sign each means lawful money of the United States of America.

“Domestic Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Domestic Lending Office” opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Assumption pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“EBITDA” means, for any period, net income (or net loss) of the Parent and its Subsidiaries, on a Consolidated basis *plus* the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) extraordinary losses, (f) exceptional losses, and (g) all non-cash charges exclusive of any non-cash charge to the extent it represents a reserve for cash expenditures in any future period, *minus* (x) extraordinary gains and (y) exceptional gains, in each case determined in accordance with GAAP for such period, and (z) all non-cash gains exclusive of gains for which the Parent expects cash proceeds in a future period; *provided*, that, for purposes of calculating EBITDA for the Parent and its Subsidiaries for any period, the EBITDA of any Person (or assets or division of such Person) acquired by the Parent or any of its Subsidiaries during such period shall be included on a *pro forma* basis for such period (assuming the consummation of such acquisition occurred on the first day of such period).

“ Effective Date ” has the meaning specified in Section 3.01.

“ Eligible Assignee ” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and the Swing Line Lender, and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); *provided* that notwithstanding the foregoing, “Eligible Assignee” shall not include the Parent, the Borrower or any of the Parent’s Affiliates or Subsidiaries; and *provided further* , *however* , that an Eligible Assignee shall include only a Lender, an Affiliate of a Lender or another Person, which, through its lending offices, is capable of lending Sterling to the Borrower without the imposition of any additional Indemnifiable Taxes.

“ Environmental Laws ” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“ Equity Interests ” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ Equivalent ” in Dollars of Sterling on any date means the equivalent in Dollars of Sterling determined by using the quoted spot rate at which Bank of America’s principal office in London offers to exchange Dollars for Sterling in London at 11:00 A.M. (London time) two Business Days prior to such date, and the “ Equivalent ” in Sterling of Dollars means the equivalent in Sterling of Dollars determined by using the quoted spot rate at which Bank of America’s principal office in London offers to exchange Sterling for Dollars in London at 11:00 A.M. (London time) two Business Days prior to such date.

“ ERISA ” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ ERISA Affiliate ” means any Person that for purposes of Title IV of ERISA is a member of any Loan Party’s controlled group, or under common control with any Loan Party, within the meaning of Section 414 (b) or (c) of the Internal Revenue Code or, for purposes of Section 412 of the Internal Revenue Code, under Section 414(m) or (o) of the Internal Revenue Code.

“ ERISA Event ” means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) at the time when the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are applicable to any Loan Party or any ERISA Affiliate an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to a Plan within the following 30 days; (b) the filing by any Loan Party or any ERISA Affiliate of an application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA on the assets of any Loan Party or any ERISA Affiliate shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring any Loan Party or any ERISA Affiliate to provide security to such Plan pursuant to Section 436(f) of the Internal Revenue Code; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan, *provided , however ,* that the event or condition set forth in Section 4042(a)(4) of ERISA shall be an ERISA Event only if the PBGC has notified any Loan Party or any ERISA Affiliate that it has made a determination under such section or that it is considering termination of a Plan on such grounds.

“ Eurocurrency Base Rate ” has the meaning specified in the definition of Eurocurrency Rate.

“ Eurocurrency Lending Office ” means, with respect to any Lender, the office of such Lender specified as its “Eurocurrency Lending Office” opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Assumption pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“ Eurocurrency Rate ” means for any Interest Period with respect to a Eurocurrency Rate Advance, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurocurrency Rate} = \frac{\text{Eurocurrency Base Rate}}{1.00 - \text{Eurocurrency Reserve Percentage}}$$

Where,

“ Eurocurrency Base Rate ” means, for such Interest Period:

(a) with respect to each Eurodollar Rate Advance, the rate per annum equal to (i) the British Banker’s Association LIBOR Rate (“ BBA LIBOR ”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) as approximately 11:00 A.M. (London time), two Business Days prior to the commencement of such Interest Period, for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or (ii) if such rate referenced in the preceding clause (i) is not available at such time for any reason, then the “Eurocurrency Base Rate” for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in the relevant currency for delivery on the first day of such Interest Period in Same Day Funds in the approximate amount of the Eurocurrency Rate Advance being made, continued or Converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch (or other Bank of America branch or Affiliate) to major banks in the London or other offshore interbank market for such currency at their request at approximately 11:00 A.M. (London time) two Business Days prior to the commencement of such Interest Period.

(b) for any interest calculation with respect to a Base Rate Advance, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m. (London time) two Business Days prior to the date of determination, determined daily on each Business Day for deposits in the relevant currency being delivered in the London interbank market for a term of one month commencing that day or (ii) if such rate referenced in the preceding clause (i) is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in the relevant currency for delivery on the date of determination in Same Day Funds in the approximate amount of the Base Rate Advance being made or maintained by Bank of America and with a term equal to one month would be offered by Bank of America’s London Branch (or other Bank of America branch or Affiliate) to major banks in the London or other offshore interbank market for such currency at their request at the date and time of determination.

“ Eurocurrency Reserve Percentage ” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurocurrency Rate for each outstanding Eurocurrency Rate Advance shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Percentage.

“Eurocurrency Rate Advance” means an Advance that bears interest as provided in Section 2.07(a)(ii).

“Events of Default” has the meaning specified in Section 6.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Existing Credit Agreement” means that certain Amended and Restated Five Year Credit Agreement dated as of December 3, 2007 among the Parent, IHCL, the lenders party thereto and Bank of America as administrative agent and swingline lender thereunder.

“Existing Debt” means the Debt of the Parent and its Subsidiaries, on a Consolidated basis outstanding as of the Effective Date, as listed on Schedule 4.01(u).

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“Fee Letter” means the letter agreement, dated April 27, 2009, among the Borrower, the Administrative Agent and Banc of America Securities LLC (“BAS”).

“Fronting Exposure” means with respect to the Swing Line Lender, the Pro Rata Share (determined without giving effect to the last sentence of the definition of Pro Rata Share Percentage) of Swing Line Loans of the applicable Defaulting Lender(s) other than such of those Swing Line Loans as to which Cash Collateral or other credit support acceptable to the Swing Line Lender shall have been provided in accordance with Sections 2.03 and 2.17.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Guarantors” means Parent, IHCL, Invesco Institutional (N.A.), Inc., a Delaware corporation, Invesco North American Holdings, Inc., a Delaware corporation, Invesco Aim Management Group Inc., a Delaware corporation, Invesco Aim Advisors, Inc., a Delaware corporation and upon the execution and delivery of an Assumption of Guaranty (as defined in the Subsidiary Guaranty) pursuant to Section 5.01(h) or otherwise by any other Subsidiary of the Parent, such other Subsidiary.

“Guaranty” means each of the Parent Guaranty and the Subsidiary Guaranty.

“Hedge Agreements” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

“IHCL” means Invesco Holding Company Limited, a corporation organized under the laws of England and Wales.

“Impact Period” has the meaning specified in Section 8.16.

“Impacted Lender” has the meaning specified in Section 8.16.

“Initial Lenders” has the meaning specified in the recital of parties to this Agreement.

“Insufficiency” means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

“Interest Period” means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, with respect to Eurocurrency Rate Advances, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period for each Eurocurrency Rate Advance shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; *provided, however*, that:

(i) the Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be

extended to occur on the next succeeding Business Day, *provided, however*, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“Investment” in any Person means any purchase or other acquisition of any capital stock, warrants, rights, options, obligations or other securities or all or substantially all of the assets of such Person, any capital contribution to such Person or any other investment in such Person (other than a loan or advance), including, without limitation, any arrangement pursuant to which the investor incurs Debt of the types referred to in clauses (h) and (i) of the definition of “Debt” in respect of such Person.

“Lenders” means the Initial Lenders, each Assuming Lender and each Person that shall become a party hereto pursuant to Section 8.06.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Loan Documents” means this Agreement, the Notes and each Guaranty.

“Loan Parties” means the Borrower and each Guarantor (each a “Loan Party”).

“Mandatory Costs” means with respect to any period, the percentage rate per annum determined in accordance with Schedule 1.02.

“Material Adverse Change” means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Parent and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Parent and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any Note.

“Material Subsidiary” means each Subsidiary of the Parent to which as of the end of any fiscal year of the Parent is attributed twenty percent or more of the Consolidated operating income of the Parent and its Subsidiaries taken as a whole, determined by

reference to the most recent annual audited financial statements delivered by the Parent to the Lenders pursuant to Section 5.01(j) or, in the case of any Subsidiary of the Parent that is acquired or is merged with or into any other Subsidiary of the Parent, determined by reference to the pro forma financial statements of the Parent and its Subsidiaries prepared in accordance with GAAP as of the most recent fiscal year end of the Parent, giving effect to such acquisition or merger as if such transaction had been consummated as of the last day of such fiscal year.

“Maturity Date” means the date that is three (3) years after the Effective Date, *provided* that the Maturity Date shall be automatically accelerated to March 16, 2012 if all of the following conditions are not met (notwithstanding that the time for compliance set forth in the condition contained in clause (c) below extends beyond such date):

(a) prior to March 16, 2012, at least 90% of the initial face amount of the 2012 Notes (i) have been repaid or repurchased, (ii) have been defeased on customary terms reasonably acceptable to the Administrative Agent, and/or (iii) will be repaid with all or a portion of the proceeds of New Notes which have been issued by such date, solely or among other purposes, to refinance 2012 Notes, in any case, in one or more transactions involving any combination of the foregoing actions;

(b) no less than ten (10) Business Days prior to March 16, 2012, the Borrower shall deliver to the Administrative Agent a certificate of a responsible officer with respect to items (a)(i) through (a)(iii) of this definition certifying as to such information as the Administrative Agent shall reasonably request to evidence that such action or actions have been or will be taken, including, without limitation, with respect to item (a)(iii) of this definition (as applicable), certifying that (1) the proceeds of the New Notes, in whole or in part, shall be used to repay the 2012 Notes on or prior to April 17, 2012, (2) the New Notes when issued will rank in priority of repayment no higher than *pari passu* with, and shall not be structurally superior to, the Obligations, and (3) attached to the certificate is a true and complete copy of the offering memorandum for the New Notes which shall not contain any terms or conditions that would, or the performance of which would, result in an Event of Default; and

(c) with respect to item (a)(iii) above (as applicable), on or before April 17, 2012, the Borrower or the applicable Guarantor shall have used all or a portion of the proceeds of the New Notes to repay a corresponding amount of the 2012 Notes.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“ Multiple Employer Plan ” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is maintained for current or former employees of any Loan Party or any ERISA Affiliate and at least one Person other than such Loan Party and the ERISA Affiliates.

“ New Notes ” means unsecured notes issued by the Borrower or any Guarantor for the express purpose, solely or with other purposes, of refinancing the 2012 Notes, which unsecured notes shall (i) rank in priority of repayment no higher than pari passu with, and shall not be structurally superior to, the Obligations and (ii) shall mature after the Maturity Date.

“ Note ” means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Advances made by such Lender, as it may be amended, restated or modified from time to time, or any substitute therefor or replacement thereof.

“ Notice of Borrowing ” has the meaning specified in Section 2.02(a).

“ Obligations ” has the meaning specified in Section 6.02.

“ Office Equipment Sale and Leaseback ” means the sale and leaseback transaction pursuant to which Invesco Group Services, Inc. sold office equipment for its Atlanta, Georgia headquarters facility to the Development Authority of Fulton County for an aggregate price not in excess of \$20,000,000 and then leased back such office equipment from the Development Authority of Fulton County.

“ Office Equipment Sale and Leaseback Bonds ” means those certain industrial revenue bonds issued by the Development Authority of Fulton County for the purpose of financing the purchase by the Development Authority of Fulton County of that certain office equipment the subject matter of the Office Equipment Sale and Leaseback.

“ Office Equipment Sale and Leaseback Lease ” the lease by Invesco Group Services, Inc. of that certain office equipment subject to the Office Equipment Sale and Leaseback from the Development Authority of Fulton County.

“ Outstanding Amount ” means with respect to Advances and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Advances and Swing Line Loans, as the case may be, occurring on such date.

“ Overnight Rate ” means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent or the Swing Line Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in Sterling, the rate of interest per annum at which overnight deposits in Sterling, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or

Affiliate of Bank of America in the applicable offshore interbank market for such currency to major banks in such interbank market.

“ Parent ” has the meaning specified in the recital of parties to this Agreement.

“ Parent Guaranty ” means that certain Guaranty dated as of the date hereof executed and delivered by the Parent and IHCL in favor of the Administrative Agent and the Lenders in substantially the form of Exhibit E-2, as amended, supplemented or otherwise modified from time to time.

“ PBGC ” means the Pension Benefit Guaranty Corporation (or any successor).

“ Permitted Liens ” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced except as otherwise provided: (a) Liens for taxes, assessments or other governmental charges being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made and maintained in accordance with GAAP and past practices of the Parent and its Subsidiaries therefor and as to which any enforcement, collection, execution, levy or foreclosure proceeding which shall commence or have commenced could not reasonably be expected to result in a Material Adverse Effect; (b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor and as to which any enforcement, collection, execution, levy or foreclosure proceeding which shall commence or have commenced could not reasonably be expected to result in a Material Adverse Effect; (c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers’ compensation, unemployment insurance and other types of social security or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property; (d) any Liens securing attachments or judgments unless the judgment it secures results or has resulted in an Event of Default under Section 6.01(f); and (e) leases or subleases granted to others, easements, rights of way and other encumbrances on title to real property that, in the case of any property material to the operation of the business of the Parent and its Subsidiaries taken as a whole, do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

“ Person ” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“ Plan ” means a Single Employer Plan or a Multiple Employer Plan.

“ Platform ” has the meaning specified in Section 5.01.

“ Pro Rata Share ” of any amount means, with respect to any Lender at any time, the product of such amount *times* such Lender’s Pro Rata Share Percentage at such time.

“ Pro Rata Share Percentage ” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) obtained by dividing such Lender’s Commitment at such time by the Total Commitments at such time. If the Commitment of each Lender has been terminated pursuant to Section 6.02 or if the Total Commitments have expired, then the Pro Rata Share Percentage of each Lender shall be determined based on the Pro Rata Share Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Pro Rata Share Percentage of each Lender is set forth opposite the name of such Lender on Schedule 1.01 or in the Assumption Agreement or Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable. Notwithstanding the foregoing, during any Impact Period applicable to any Defaulting Lender, for purposes of computing the Pro Rata Share of each non-Defaulting Lender to acquire, refinance or fund participations in Swing Line Loans pursuant to Section 2.03, the Pro Rata Share Percentage of each non-Defaulting Lender shall be computed without giving effect to the Commitment of such Defaulting Lender in determining the Total Commitments; *provided, however*, such amount shall in no event for each non-Defaulting Lender exceed an amount equal to the positive difference between (1) the Commitment of such non-Defaulting Lender and (2) the Outstanding Amount of the Advances of such Lender, plus such Lender’s Pro Rata Share of the Outstanding Amount of all Swing Line Loans.

“ Qualified Equity Portion of Qualified Securities ” means at any time, the sum of the amounts obtained by multiplying (x) the amount of each Qualified Security by (y) the Qualified Equity Percentage at such time of such Qualified Security.

“ Qualified Equity Percentage ” means, with respect to a Qualified Security, the lowest percentage (whether specifically stated or implied through calculation) accorded equity treatment for such Qualified Security by either S&P or Moody’s, as determined by such rating agencies from time to time.

“ Qualified Security ” means any security issued by the Parent, the Borrower or any Guarantor that (i) has attributes of both debt and equity, (ii) is rated by both S&P and Moody’s, (iii) the proceeds of which are accorded a percentage of equity treatment by both S&P and Moody’s, (iv) matures after the Maturity Date, and (v) ranks in priority of repayment no higher than *pari passu* with, and is not structurally superior to, the senior credit facility provided to Borrower under this Agreement and the other Loan Documents (including, without limitation, all of the Obligations).

“Register” has the meaning specified in Section 8.06(c).

“Related Parties” means with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Required Lenders” means at any time Lenders owed greater than 50% of the then aggregate unpaid principal amount of the Advances owing to Lenders, including participations in all Swing Line Loans then outstanding, or, if no such principal amount is then outstanding, Lenders holding greater than 50% of the Commitments *provided* that the portion of the aggregate unpaid principal amount of the Advances owing to or deemed held by, and the Commitment of, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Restricted Payment” means (i) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of the Parent or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interest, or on account of any return of capital to the Parent’s stockholders, partners or members (or the equivalent Person thereof) and (ii) any voluntary repurchases, prepayments or defeasance of any Debt prior to the scheduled payments of principal thereof in effect on the Effective Date.

“Restricted Subsidiary” means the Borrower and each other Subsidiary of the Parent that (a) is a Guarantor or a Subsidiary of a Subsidiary Guarantor or (b) is subject to any agreement described in Section 5.02(i)(i), (ii) or (iii), *provided* that such Subsidiary shall be a Restricted Subsidiary under this clause (b) only so long as such agreement is in effect.

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in Sterling, same day or other funds as may be determined by the Administrative Agent, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in Sterling.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Laws” means the Securities Act, the Exchange Act, Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

“Significant Subsidiary” means each Subsidiary of the Parent, including the Borrower, that (a) is organized under the laws of the United States or any political

subdivision thereof or (b) is an operating Subsidiary of the Parent or a Subsidiary of the Parent that directly or indirectly owns an operating Subsidiary of the Parent.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is maintained for employees of any Loan Party or any ERISA Affiliate and no Person other than any Loan Party and the ERISA Affiliates.

“Solvent” and “Solvency” mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Special Purpose Subsidiary” means a Subsidiary created or acquired, and wholly owned, directly or indirectly, by the Parent whose primary business is investing in real estate properties or other investment assets, the acquisition of which properties or assets are financed in whole, or in part, with Subsidiary Non-Recourse Debt, and whose primary assets consist of such real estate properties and other investment assets.

“Sterling” means lawful money of the United Kingdom of Great Britain and Northern Ireland.

“Subsidiary” of any Person means any corporation, limited liability company, partnership, joint venture, trust or estate of which (or in which) more than 50% of (a) in the case of a corporation, the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) in the case of a limited liability company, partnership or joint venture, the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) in the case of a trust or estate, the beneficial interest in such trust or estate, in each instance above is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries.

“Subsidiary Guarantor” means each Guarantor other than the Parent and IHCL.

“Subsidiary Guaranty” means that certain Guaranty dated as of the date hereof executed and delivered by each Subsidiary Guarantor in favor of the Administrative

Agent and the Lenders in substantially the form of Exhibit E-1, as amended, supplemented or otherwise modified from time to time.

“Subsidiary Non-Recourse Debt” means with respect to all Special Purpose Subsidiaries of the Parent, Debt incurred by such Special Purpose Subsidiaries up to an aggregate principal amount for all such Special Purpose Subsidiaries at any time outstanding not to exceed \$500,000,000, (i) the proceeds of which are used to finance the acquisition of real estate properties and other investment assets by such Special Purpose Subsidiary, (ii) that is not guaranteed by either the Borrower or any Guarantor, and (iii) where recourse for repayment of such Debt is contractually limited to such Special Purpose Subsidiary and the specific real estate properties or other investment assets of such Special Purpose Subsidiary financed with the proceeds thereof.

“Swing Line” means the revolving credit facility made available by the Swing Line Lender pursuant to Section 2.03.

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.03.

“Swing Line Lender” means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.03(a).

“Swing Line Loan Notice” means a notice of a Swing Line Borrowing pursuant to Section 2.03(b), which, if in writing, shall be substantially in the form of Exhibit B-2.

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$50,000,000 and (b) the Total Commitments. The Swing Line Sublimit is part of, and not in addition to, the Total Commitment.

“Termination Date” means the earlier of (i) the Maturity Date and (ii) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

“Total Commitment” means, at any time, the aggregate amount of the Lenders’ Commitments at such time.

“Type” has the meaning therefor in the definition of Advance.

“Voting Stock” means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

“Withdrawal Liability” has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

“ 2012 Notes ” means IHCL’s 5.625% Unsecured Senior Notes due April 17, 2012.

Section 1.02 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

Section 1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided* that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower and the Parent shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Consolidation of Variable Interest Entities. All references herein to Consolidated financial statements of the Parent and its Subsidiaries or to the determination of any amount for the Parent and its Subsidiaries on a Consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Parent is required to consolidate pursuant to FASB Interpretation No. 46 – Consolidation of Variable Interest Entities: an interpretation of ARB No. 51 (January 2003) (“ FIN 46(R) ”) as if such variable interest entity were a Subsidiary as defined herein, *provided* that for purposes of determining compliance with the financial covenants set forth in Section 5.03, the application of FIN 46(R) shall be disregarded with respect to the consolidation of any Person that is not a Subsidiary of the Parent required thereby.

(d) Effect of Section 5.02(c)(ii) or (iii) Merger. Upon the event of a merger of the Parent into the Borrower permitted by Section 5.02(c)(ii) or into IHCL permitted by Section 5.02(c)(iii), all references to the Parent in this Agreement shall be deemed references to IHCL, unless IHCL has been merged into the Borrower as permitted by Section 5.02(c)(ii), in which case all references to the Parent shall be deemed references to the Borrower except (i) where such prior reference to the Parent would be a duplicative reference to IHCL or the Borrower, as applicable, in which case the reference to the Parent shall be disregarded, (ii) where such prior reference to the Parent specifically relates to (A) a prior executed agreement to which the Parent was in fact a party, (B) financial statements dated prior to such merger, (C) such reference is a

reference to the Parent as a Guarantor, or (D) such reference is contained in the conditions precedent in Section 3.01, (iii) such change would result in a prior occurring Event of Default no longer being deemed an Event of Default (unless such prior occurring Event of Default has been cured), (iv) with respect to the reference to “Each Subsidiary of the Parent” in Section 4.01(q), which shall be deemed to be a reference to “IHCL, the Borrower or any Subsidiary of IHCL”, unless IHCL has been merged into the Borrower, in which case such reference shall be a reference to “the Borrower or any Subsidiary of the Borrower”, and (v) with respect to the reference to the Parent in Section 4.01(r), which shall continue to be a reference to the Parent as if such merger had not occurred, and (vii) in the event such change in reference is to IHCL, the Borrower shall deliver an updated Schedule 8.02 that sets forth the information required by Section 8.02(a)(i) with respect to IHCL.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

Section 2.01 The Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate principal amount (based in respect of any Advance denominated in Sterling on the Equivalent in Dollars), not to exceed at any time outstanding the amount of such Lender’s Commitment less such Lender’s Pro Rata Share of the Outstanding Amount of all Swing Line Loans. Each Borrowing shall be in an aggregate amount of \$5,000,000 (or the Equivalent thereof in Sterling) or an integral multiple of \$1,000,000 (or the Equivalent thereof in Sterling) in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender’s Commitment, the Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.10 and reborrow under this Section 2.01.

Section 2.02 Making the Advances. (a) Each Borrowing shall be made on notice, given not later than (x) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, (y) 11:00 A.M. (New York City time) on the fifth Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Sterling, or (z) 11:00 A.M. (New York City time) on the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof. Each such notice of a Borrowing (a “Notice of Borrowing”) shall be by telephone, confirmed promptly in writing, and signed by a duly authorized officer of the Borrower in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing consisting of Eurocurrency Rate Advances, the initial Interest Period and whether such Advance shall be in Dollars or in Sterling. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent’s Account, in Same Day Funds, such Lender’s Pro Rata Share of such Borrowing. After the Administrative Agent’s receipt of such funds and upon fulfillment of the applicable conditions set forth in

Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's address referred to in Section 8.02.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurocurrency Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than \$5,000,000 (or the Equivalent thereof in Sterling) or if the obligation of the Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurocurrency Rate Advances may not be outstanding as part of more than ten separate Borrowings.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's Pro Rata Share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, but shall have no obligation to, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Overnight Rate. If such Lender shall repay to the Administrative Agent such corresponding amount such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement, and thereafter, the Borrower's obligation to repay such amount to the Administrative Agent in accordance with this subsection (d) shall no longer be required; provided that the Borrower shall not be relieved of its obligation to pay the interest on such amount referred to herein unless and only to the extent that such Lender has paid the interest on such amount referred to herein.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

Section 2.03 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.03, to make Advances (each such Advance, a “Swing Line Loan”) to the Borrower from time to time on any Business Day during the period from the Effective Date to the Termination Date in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Advances of the Swing Line Lender, may exceed the amount of such Lender’s Commitment; *provided, however*, that after giving effect to any Swing Line Loan, (i) the Outstanding Amount of all Advances and all Swing Line Loans shall not exceed the Total Commitment, and (ii) the Outstanding Amount of the Advances of any Lender plus such Lender’s Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender’s Commitment, and *provided, further*, that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.03, prepay under Section 2.10, and reborrow under this Section 2.03. Each Swing Line Loan shall be in Dollars. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender’s Pro Rata Share Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Borrower’s irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 3:00 P.M. (New York City time) on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$1,000,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a duly authorized officer of the Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 4:00 P.M. (New York City time) on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.03(a), or (B) that one or more of the applicable conditions specified in Section 3.02 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 5:00 P.M. (New York City time) on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower in Same Day Funds.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Advance in an

amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Notice of Borrowing for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified in Section 2.01 for the principal amount of Base Rate Advances, but subject to the unutilized portion of the Total Commitments and the conditions set forth in Section 3.02. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Notice of Borrowing promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Notice of Borrowing available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's office not later than 1:00 P.M. (New York City time) on the day specified in such Notice of Borrowing, whereupon, subject to Section 2.03(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such an Advance in accordance with Section 2.03(c)(i), the request for Base Rate Advances submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.03(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Advances or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.03(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) in the case of each Lender's obligation to purchase and fund risk participations only, the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Advances (but not to fund risk participations in Swing Line Loans)

pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 3.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share (determined at the time of such purchase and funding) of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the all amounts owing hereunder and under any Loan Document and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until a Lender funds its Base Rate Advance or risk participation pursuant to this Section 2.03 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender, and after such Lender funds its Base Rate Advance or risk participation pursuant to this Section 2.03 to refinance such Lender's Pro Rata Share of any Swing Line Loan, such interest shall be for the account of such Lender.

(f) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

(g) Cash Collateral. If at any time (i) a Defaulting Lender exists, (ii)(A) the Borrower requests a Swing Line Loan or (B) a Swing Line Loan is outstanding, and (iii) the Pro Rata Share Percentages of each non-Defaulting Lender can not fully be adjusted as in the last sentence of the definition thereof as a result of the proviso thereof, then the Swing Line Lender may, in its sole discretion, require that the Borrower or such Defaulting Lender enter into arrangements satisfactory to the Swing Line Lender for the provision of sufficient Cash Collateral or other credit support acceptable to the Swing Line Lender, to eliminate the Swing Line Lender's actual or potential Fronting Exposure with respect to such Defaulting Lender, in which case, the provisions of Section 2.17 shall apply. The Swing Line Lender will promptly notify the Borrower at the time the Swing Line Lender determines or is otherwise informed of the existence of a Defaulting Lender. With respect to the circumstances described in clause (ii)(A) above,

such arrangements shall be a condition to the Advance of such Swing Line Loan. With respect to the circumstances described in clause (ii)(B) above, such arrangements shall be made no later than five (5) Business Days after written notice to the Borrower from the Swing Line Lender that the circumstances in clause (i) and (iii) immediately above exist, unless the Borrower (x) has replaced such Defaulting Lender prior to such time in accordance with the terms of this Agreement or (y) has otherwise repaid such Swing Line Loan.

Section 2.04 Fees.

(a) Facility Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Commitment from the Effective Date in the case of each Initial Lender and from the effective date specified in the Assumption Agreement or the Assignment and Assumption pursuant to which it became a Lender in the case of each other Lender until the Termination Date, subject to adjustment as provided in Section 8.16, at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December (each a "Facility Fee Payment Date"), commencing with the Facility Fee Payment Date first occurring after the Effective Date, and on the Termination Date.

(b) Agent's Fees. The Borrower shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Administrative Agent, including without limitation in the Fee Letter.

Section 2.05 Termination, Reduction or Increase of the Commitments.

(a) Termination or Reduction. The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or permanently reduce ratably in part the unused portions of the respective Commitments of the Lenders, *provided* that each partial reduction of the Total Commitment shall be in the aggregate amount of \$25,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(b) Increase in Aggregate of the Commitments. The Borrower may at any time, and from time to time, by notice to the Administrative Agent, propose that the Total Commitment be increased (each such increase, a "Commitment Increase"), effective as at a date prior to the Termination Date (an "Increase Date") as to which agreement is to be reached by an earlier date specified in such notice (a "Commitment Date"); *provided, however*, that (i) the minimum proposed Commitment Increase per notice shall be \$10,000,000, (ii) in no event shall the Total Commitment at any time exceed \$750,000,000, (iii) at the time of and after giving effect to such Commitment Increase, the Debt/EBITDA Ratio is less than or equal to 2.75 to 1.00, (iv) no Default shall have occurred and be continuing on such Increase Date (both before and after giving effect to such Commitment Increase), and (v) an officer's certificate as to corporate authorization for such Commitment Increase and satisfaction of the conditions precedent in Section 3.02, and other appropriate documentation reasonably requested by the Administrative Agent, any Increasing Lender (as defined below) or any Assuming Lender are received by the Administrative Agent. The Borrower may request such Commitment Increase from existing Lenders and/or from other Eligible Assignees which would become Assuming Lenders but the Borrower has no obligation to request such Commitment Increase from existing Lenders. If the

Borrower desires such Commitment Increase from existing Lenders, the Administrative Agent shall notify the Lenders thereof promptly upon its receipt of any such notice. The Administrative Agent agrees that it will cooperate with the Borrower in discussions with the Lenders and/or other Eligible Assignees with a view to arranging the proposed Commitment Increase through the increase of the Commitments of one or more of the Lenders (each such Lender that is willing to increase its Commitment hereunder being an “Increasing Lender”) and/or the addition of one or more other Eligible Assignees as Assuming Lenders and as parties to this Agreement; *provided, however*, that it shall be in each Lender’s sole discretion whether to increase its Commitment hereunder in connection with the proposed Commitment Increase. If the Lenders agree to increase their respective Commitments by an aggregate amount in excess of the proposed Commitment Increase, the proposed Commitment Increase shall be allocated among such Lenders as determined at such time by the Borrower. If agreement is reached on or prior to the applicable Commitment Date with any Increasing Lenders or with Assuming Lenders, or with a combination of Increasing Lenders and Assuming Lenders, as to a Commitment Increase (which may be less than but not greater than specified in the applicable notice from the Borrower), such agreement to be evidenced by a notice in reasonable detail from the Borrower to the Administrative Agent on or prior to the applicable Commitment Date, such Assuming Lenders, if any, shall become Lenders hereunder as of the applicable Increase Date, the Commitments of such Assuming Lenders shall be, as of the Increase Date, the amounts specified in such notice and the Commitments of each Increasing Lender shall be, as of the Increase Date, increased by the amounts specified in such notice; *provided that*:

(x) the Administrative Agent shall have received (with copies for each Lender, including each such Assuming Lender) by no later than 10:00 A.M. (New York City time) on the applicable Increase Date a copy certified by the Secretary, an Assistant Secretary or a comparable officer of the Borrower, of the resolutions adopted by the Board of Directors of the Borrower authorizing such Commitment Increase;

(y) each such Assuming Lender shall have delivered to the Administrative Agent by no later than 10:00 A.M. (New York City time) on such Increase Date, an appropriate Assumption Agreement in substantially the form of Exhibit D hereto, duly executed by such Assuming Lender and the Borrower; and

(z) each such Increasing Lender shall have delivered to the Administrative Agent by no later than 10:00 A.M. (New York City time) on such Increase Date confirmation in writing satisfactory to the Administrative Agent as to its increased Commitment.

(c) In the event that the Administrative Agent shall have received notice from the Borrower as to its agreement to a Commitment Increase on or prior to the applicable Commitment Date and each of the actions provided for in clauses (x) through (z) above shall have occurred prior to 10:00 A.M. (New York City time) on the applicable Increase Date to the satisfaction of the Administrative Agent, the Administrative Agent shall notify the Lenders (including any Assuming Lenders) and the Borrower of the occurrence of such Commitment Increase by telephone, confirmed immediately in writing, and in any event no later than 1:00 P.M. (New York City time) on such Increase Date and shall record in the Register the relevant

information with respect to each Increasing Lender and Assuming Lender. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (New York City time) on the applicable Increase Date, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in Same Day Funds, in the case of such Assuming Lender, an amount equal to such Assuming Lender's Pro Rata Share of the Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase) and, in the case of such Increasing Lender, an amount equal to the excess of (i) such Increasing Lender's Pro Rata Share of the Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase) over (ii) such Increasing Lender's Pro Rata Share of the Borrowings then outstanding (calculated based on its Commitment (without giving effect to the relevant Commitment Increase) as a percentage of the aggregate Commitments (without giving effect to the relevant Commitment Increase)). After the Administrative Agent's receipt of such funds from each such Increasing Lender and each such Assuming Lender, the Administrative Agent will promptly thereafter cause to be distributed like funds to the other Lenders for the account of their respective Applicable Lending Offices in an amount to each other Lender such that the aggregate amount of the outstanding Advances owing to each Lender after giving effect to such distribution equals such Lender's Pro Rata Share of the Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase), *provided* that the Borrower will be subject to the payment of other costs, if any, pursuant to Section 8.04(c) in connection with any such distribution. Within five Business Days after the Borrower receives notice from the Administrative Agent, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent Notes payable to the order of each Assuming Lender, if any, and, each Increasing Lender, if any, dated as of the applicable Increase Date, in a principal amount equal to such Lender's Commitment after giving effect to the relevant Commitment Increase, and substantially in the form of Exhibit A attached hereto. The Administrative Agent, upon receipt of such Notes, shall promptly deliver such Notes to the respective Assuming Lenders and Increasing Lenders.

(d) In the event that the Administrative Agent shall not have received notice from the Borrower as to such agreement on or prior to the applicable Commitment Date or the Borrower shall, by notice to the Administrative Agent prior to the applicable Increase Date, withdraw its proposal for a Commitment Increase or any of the actions provided for above in clauses (b)(i)(x) through (b)(i)(z) shall not have occurred by 10:00 A.M. (New York City time) on such Increase Date, such proposal by the Borrower shall be deemed not to have been made. In such event, any actions theretofore taken under clauses (b)(i)(x) through (b)(i)(z) above shall be deemed to be of no effect and all the rights and obligations of the parties shall continue as if no such proposal had been made.

Section 2.06 Repayment of Advances .

(a) The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of all Advances then outstanding together with all accrued and unpaid interest, fees and costs associated therewith.

Repayments made pursuant to this clause (a) shall be in the same currency in which such outstanding Advances were made.

(b) The Borrower shall repay each Swing Line Loan together with accrued and unpaid interest thereon on the earlier to occur of (i) the date ten (10) Business Days after such Swing Line Loan is made, and (ii) the Termination Date.

Section 2.07 Interest on Advances.

(a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time *plus* (y) the Applicable Margin for Base Rate Advances in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurocurrency Rate Advances. During such periods as such Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Advance *plus* (y) the Applicable Margin for Eurocurrency Rate Advances in effect from time to time *plus* (z) in the case of each Advance in Sterling, the Mandatory Cost, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(iii) Swing Line Loans. With respect to each Swing Line Loan, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time *plus* (y) the Applicable Margin for Base Rate Advances in effect from time to time payable in arrears on the date of repayment or refinancing, in whole or in part, of such Swing Line Loan.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, with the consent or at the direction of the Required Lenders, the Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i), (a)(ii) or (a)(iii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i), (a)(ii) or (a)(iii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

Section 2.08 Interest Rate Determination.

(a) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.07(a)(i), (ii) or (iii).

(b) If, with respect to any Eurocurrency Rate Advances, the Required Lenders notify the Administrative Agent that the Eurocurrency Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Base Rate Advances into, Eurocurrency Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period for such Eurocurrency Rate Advance, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$5,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended.

Section 2.09 Optional Conversion of Advances. The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day, with respect to Advances in Dollars, or the fifth Business Day, with respect to Advances in Sterling, prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all Advances of one Type comprising the same Borrowing into Advances of the other Type; *provided, however*, that any Conversion of Eurocurrency Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurocurrency Rate Advances, any Conversion of Base Rate Advances into Eurocurrency Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Advances shall result in more separate Eurocurrency Rate Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate

Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

Section 2.10 Prepayments of Advances.

(a) Optional Prepayments. The Borrower may, upon notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, given not later than 11:00 A.M. (New York City time) on the third Business Day, with respect to Advances in Dollars, or the fifth Business Day, with respect to Advances in Sterling, prior to the date of such proposed prepayment, in the case of Eurocurrency Rate Advances, and not later than 11:00 A.M. (New York City time) on the day of such proposed prepayment, in the case of Base Rate Advances, and if such notice is given the Borrower shall, prepay the Outstanding Amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid, with such prepayment to be made in the currency in which such Advances were made; *provided, however*, that (x) except in the case of prepayments of Swing Line Loans, as described in clause (z) below, each partial prepayment shall be in an aggregate principal amount of \$5,000,000 or the Equivalent thereof in Sterling or an integral multiple of \$1,000,000 or the Equivalent thereof in Sterling in excess thereof, (y) in the event of any such prepayment of a Eurocurrency Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c) and (z) in the case of a Swing Line Loan, the Borrower may prepay the Outstanding Amount of such Swing Line Loan, together with accrued interest to the date of such prepayment on the principal amount prepaid, at any time in minimum increments of \$100,000.

(b) Mandatory Prepayments.

(i) If at any time the sum of (A) the aggregate principal amount of all Advances denominated in Dollars then outstanding plus (B) the Equivalent in Dollars of the aggregate principal amount of all Advances denominated in Sterling then outstanding exceeds the Total Commitment on such date, the Borrower shall, within two Business Days after receipt of such notice given pursuant to (ii) below, prepay the outstanding principal amount of any Advances in an aggregate amount sufficient to reduce such sum to an amount not to exceed the Total Commitment on such date.

(ii) Each prepayment made pursuant to this Section 2.10(b) (A) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which such the Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 8.04(c), and (B) shall be made in the currency in which the Advances subject to such prepayment were made. The Administrative Agent shall give prompt notice of any prepayment required under this Section 2.10(b) to the Borrower and the Lenders.

(c) Hedging Agreements. All Hedging Agreements, if any, between the Borrower and any Lender or its affiliates are independent agreements governed by the written provisions of such Hedging Agreements, which will remain in full force and effect, unaffected by any

repayment, prepayment, acceleration, reduction, increase or change in terms of this Agreement or the Notes, except as otherwise expressly provided in said written swap agreements, and any payoff statements from the Administrative Agent relating to this Agreement shall not apply to said Hedging Agreements, except as otherwise expressly provided in such payoff statement.

Section 2.11 Increased Costs.

(a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation occurring after the date hereof, (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) issued or made after the date hereof, or (iii) the Mandatory Cost, as calculated hereunder, not representing the cost to any Lender of complying with the requirements of the Bank of England and/or the Financial Services Authority or the European Central Bank in relation to its making, funding or maintaining Eurocurrency Rate Advances, there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Advances (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Indemnifiable Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes in taxes measured by or imposed upon the net income or gross income or franchise taxes, or taxes measured by or imposed upon capital or net worth, or branch taxes, of such Lender or its Applicable Lending Office), then the Borrower shall from time to time, within ten days of demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; *provided* that, before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such additional cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(b) If any Lender reasonably determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority regarding capital adequacy (whether or not having the force of law) issued or made after the date hereof affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, and such Lender reasonably determines that the rate of return on its or such controlling corporation's capital as a consequence is reduced to a level below that which such Lender or such controlling corporation would have achieved but for the occurrence of such conditions, then, within ten days of demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder.

(c) If a Lender changes its Applicable Lending Office (other than pursuant to this Section 2.11 or Section 2.12 or 2.14(g)) and the effect of such change, as of the date of such

change, would be to cause the Borrower to become obligated to pay any additional amounts under this Section 2.11, the Borrower shall not be obligated to pay such additional amount.

(d) A certificate of a Lender setting forth the amount of any claim made under this Section 2.11 and identifying with reasonable specificity the basis for calculating such amount, shall be delivered to the Borrower and the Administrative Agent and shall be conclusive absent manifest error.

Section 2.12 Illegality; Circumstances Affecting Availability. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent (who will promptly notify the Borrower and the other Lenders) that the introduction of or any change in or in the interpretation of any law or regulation after the date hereof makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Advances for which interest is determined by reference to the Eurocurrency Rate or to fund or maintain such Advances hereunder, or if the Administrative Agent determines that by reason of circumstances affecting foreign exchange and interbank markets generally, the Eurocurrency Rate cannot be determined, then (A) each Eurocurrency Rate Advance will automatically, upon such notice, Convert into a Base Rate Advance (the interest rate on which Base Rate Advances shall, if necessary to avoid any illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate), and (B) the obligation of the Lenders to make Eurocurrency Rate Advances, Convert Base Rate Advances into Eurocurrency Rate Advances or, if necessary to avoid any illegality, to make Base Rate Advances the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension or inability to determine the Eurocurrency Rate no longer exist or that such Lender has entered into one or more Assignment and Assumptions pursuant to Section 8.06 assigning its Commitment to one or more Eligible Assignees; *provided that*, before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

Section 2.13 Payments Generally and Computations.

(a) General. All payments hereunder and under the Notes to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. The Borrower shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in Dollars, in the case of Advances denominated in Dollars, or in Sterling, in the case of Advances denominated in Sterling, to the Administrative Agent at the Administrative Agent's Account in Same Day Funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.11, 2.14 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment

and Assumption and recording of the information contained therein in the Register pursuant to Section 8.06(c), from and after the effective date specified in such Assignment and Assumption, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.05(b) and upon the Administrative Agent's receipt of such Lender's Assumption Agreement and recording the information contained therein in the Register, from and after the applicable Increase Date, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assumed thereby to such Assuming Lender.

(b) All computations of interest based on the Base Rate (including in each case where the Base Rate is determined by reference to the Eurocurrency Rate) or the Federal Funds Rate and all computations of interest in respect of Advances denominated in Sterling shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurocurrency Rate (other than (i) any case where the Base Rate is determined by reference to the Eurocurrency Rate, and (ii) in respect of interest on Advances in Sterling) and of facility fees, shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; *provided, however*, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, or cause any payment of interest on or principal of Advances to be made after the Maturity Date, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Overnight Rate.

Section 2.14 Taxes.

(a) Except as otherwise required by law, any and all payments by the Borrower hereunder or under the Notes issued hereunder shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto (all such taxes, levies, imposts, deductions, charges, withholdings, and liabilities in respect of payments hereunder or under the Notes, along with any penalties, additions to tax, interest and reasonable expenses arising therefrom or with respect thereto (whether or not correctly or legally imposed or asserted by the relevant taxing authority), collectively being hereafter referred to as “Taxes”), *excluding*, in the case of payments made to any Lender or the Administrative Agent (A) Taxes imposed on or measured by its net income, and franchise Taxes, branch Taxes, Taxes on doing business and Taxes measured by or imposed upon its capital or net worth, in each case imposed as a result of such Lender (and or such Lender’s Applicable Lending Office) or the Administrative Agent being organized under the laws of, or being a legal resident of, or having a fixed place of business or a permanent establishment or doing business in the jurisdiction imposing such Tax (other than any such connection arising solely from such Lender (and or such Lender’s Applicable Lending Office) or the Administrative Agent having executed, delivered or performed its obligations, or having received a payment, or having enforced its rights and remedies, under this Agreement or any of the other Loan Documents), (B) United States branch profits tax or any similar tax imposed by any jurisdiction in which the Borrower is located, (C) in the case of a Lender organized under the laws of a jurisdiction outside the United States, any United States withholding tax that is required to be imposed on amounts payable to such Lender pursuant to applicable laws in force at the time such Lender becomes a party hereto (or designates a new Applicable Lending Office), and (D) as provided in Section 2.14(f) (all such non-excluded Taxes hereinafter referred to as “Indemnifiable Taxes”). If the Borrower shall be required by law to deduct any Indemnifiable Taxes from or in respect of any sum payable hereunder or under any Note issued hereunder to any Lender or the Administrative Agent or, if the Administrative Agent shall be required by law to deduct any Indemnifiable Taxes from or in respect of any sum paid or payable hereunder or under any Note to any Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions for Indemnifiable Taxes (including deductions for Indemnifiable Taxes, whether by the Borrower or the Administrative Agent, applicable to additional sums payable under this Section 2.14) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower (or, as the case may be and as required by applicable law, the Administrative Agent) shall make such deductions and (iii) the Borrower (or, as the case may be and as required by applicable law, the Administrative Agent) shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall timely pay in accordance with applicable laws any present or future stamp or documentary taxes or any other excise (other than income) or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or performing under this Agreement or the Notes or any document to be furnished under or in connection with any thereof or any modification or amendment in respect of this Agreement or the Notes (hereinafter referred to as “Other Taxes”).

(c) The Borrower shall indemnify each Lender and the Administrative Agent for the full amount of Indemnifiable Taxes or Other Taxes imposed on or paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Indemnifiable Taxes under Section 2.14(a) by the Borrower, the Borrower shall furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment to the extent such receipt is received by the Borrower, or other written proof of payment reasonably satisfactory to the Administrative Agent showing payment thereof.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Assumption pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Borrower shall provide each of the Administrative Agent and the Borrower with (i) two original Internal Revenue Service Form W-8BEN, W-8ECI, or W-8IMY as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from United States withholding tax and (ii) to the extent that any such form or other certification becomes obsolete with respect to any Lender, such Lender shall, upon the written request of the Borrower to such Lender and the Administrative Agent, promptly provide either an updated or successor form or certification to the Borrower and the Administrative Agent unless, in each case, any change in treaty, law or regulation has occurred after the date such Lender becomes a party hereunder which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Borrower and the Administrative Agent executed originals of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable laws or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form described in Section 2.14(e) (*other than* if the Borrower has failed to timely request with reasonable notice any appropriate renewal, successor or other form or if any such form otherwise is not required under subsection (e)), such Lender shall not be entitled to indemnification under Section 2.14(a) or (c) with respect to Indemnifiable Taxes imposed by reason of such failure; *provided, however*, that should a Lender become subject to Indemnifiable Taxes or United States withholding Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Indemnifiable Taxes or United States withholding Taxes.

(g) If a condition or an event occurs which would, or would upon the passage of time or giving notice, result in the payment of any additional amounts pursuant to this Section 2.14, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(h) If the Administrative Agent or any Lender, in its sole opinion, determines that it has finally and irrevocably received or been granted a refund in respect of any Indemnifiable Taxes or Other Taxes as to which indemnification has been paid by the Borrower pursuant to Section 2.14 (a) or (c), it shall promptly remit such refund to the Borrower, net of all out-of-pocket expenses of the Administrative Agent or such Lender; *provided, however*, that the Borrower upon the request of the Administrative Agent or such Lender, agrees promptly to return such refund to such party in the event such party is required to repay such refund to the relevant taxing authority. The Administrative Agent or such Lender shall provide the Borrower with a copy of any notice or assessment from the relevant taxing authority (deleting any confidential information contained therein) requiring the repayment of such refund. Nothing contained herein shall impose an obligation on the Administrative Agent or any Lender to apply for any refund or to disclose to any party any information regarding their proprietary information regarding tax affairs and computations. If the Borrower determines in good faith that a reasonable basis exists for contesting any Taxes for which indemnification has been demanded hereunder, the relevant Lender or the Administrative Agent, as applicable, to the extent permitted by law, rule or regulation, shall reasonably cooperate with the Borrower in challenging such Taxes at the Borrower's expense if so requested by the Borrower in writing.

(i) If a Lender changes its Applicable Lending Office (other than pursuant to subsection (g) above or Section 2.11 or 2.12) and the effect of such change, as of the date of such change, would be to cause the Borrower to become obligated to pay any additional amounts under this Section 2.14, the Borrower shall not be obligated to pay such additional amount.

(j) A certificate of a Lender setting forth such amount or amounts as shall be necessary to compensate such Lender specified in Section 2.14 (a), (b), or (c) above, as the case may be, and identifying with reasonable specificity the basis for calculation of such amount or amounts, shall be delivered to the Borrower and the Administrative Agent and shall be conclusive absent manifest error.

(k) The obligations of a Lender under this Section 2.14 shall survive the termination of this Agreement and the payment of the Advances and all amounts payable hereunder.

Section 2.15 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.11, 2.14 or 8.04(c)) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; *provided, however*, that if all or any portion of such excess

payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of setoff) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. Notwithstanding the foregoing, the provisions of this Section shall not be construed to apply to (x) any payment that is in excess of such Lender's ratable share made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including those provisions providing for the application of funds when a Defaulting Lender or an Impacted Lender exists) or (y) the application of Cash Collateral or other credit support (and proceeds thereof) in respect of obligations relating to Swing Line Loans (including related Lender participation obligations) provided for in Section 2.03, or 2.17.

Section 2.16 Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely (i) for working capital, capital expenditures, and for other lawful purposes (including, without limitation, to provide liquidity support for commercial paper issued by the Borrower, acquisition financing and repurchases of equity, Existing Debt or other Debt of the Parent and its Subsidiaries to the extent not prohibited by this Agreement), and (ii) to repay in full all amounts outstanding under the Existing Credit Agreement.

Section 2.17 Cash Collateral and Other Credit Support.

(a) Certain Credit Support Events. Pursuant to Section 2.03(g), the Swing Line Lender may in its discretion require the Borrower or a Defaulting Lender to Cash Collateralize or provide other credit support for certain obligations owing to the Swing Line Lender by a Defaulting Lender in respect of the Swing Line Lender's Fronting Exposure. The Borrower, and to the extent provided by any Defaulting Lender, such Lender, agree that to the extent any Cash Collateral is being provided to the Swing Line Lender pursuant to Section 2.03(g), the Borrower or such Lender, as applicable, will at such time grant to the Administrative Agent, for the benefit of the Swing Line Lender, a security interest in all such Cash Collateral pursuant to a Cash Collateral account control agreement to be mutually agreed and entered into between the Borrower, or the Defaulting Lender, as the case may be, and the Administrative Agent. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts with the Administrative Agent. For the avoidance of doubt, to the extent that any other Person may have a claim, by virtue of an intercreditor arrangement, tag-along right or any other term in any other document or instrument, to share in any Cash Collateral or other credit support provided pursuant to Section 2.03(g) of this Agreement, the Swing Line Lender may take such provisions into account in determining whether Cash Collateral or other credit support is satisfactory.

(b) Application. Notwithstanding anything to the contrary contained in this Agreement, (i) Cash Collateral or other credit support (and proceeds thereof) provided by any Defaulting Lender pursuant to Sections 2.03(g) to support the obligations of such Lender in respect of Swing Line Loans shall be held and applied to fund (x) such Lender's funding of participations in Swing Line Loans, or such Lender's Pro Rata Share of Base Rate Advances used to repay Swing Line Loans with respect to which such collateral or other credit support was provided, as applicable, and (y) any interest accrued for the benefit of the Swing Line Lender pursuant to Section 2.03(c)(iii) allocable to such Lender, and (ii) Cash Collateral and other credit support (and proceeds thereof) otherwise provided by or on behalf of the Borrower under Section 2.03(g) shall be held and applied, first, to the satisfaction of the specific Swing Line Loans or obligations to fund participations therein of the applicable Defaulting Lender for which the Cash Collateral or other credit support was so provided and, second, if remedies under Section 6.01 shall have been exercised, to the application of such collateral or other credit support (or proceeds thereof) to any other Obligations in accordance with Section 6.02.

(c) Release. Cash Collateral and other credit support provided under Section 2.03(g) in connection with any Lender's status as a Defaulting Lender shall be released (except as the Swing Line Lender and the Person providing such collateral or other credit support may agree otherwise (as applicable)) promptly following the earlier to occur of (A) the termination of such Lender's status as a Defaulting Lender, (B) the replacement of such Defaulting Lender in accordance with the terms of this Agreement, or (C) following the Swing Line Lender's good faith determination that there remain outstanding no Swing Line Loans as to which it has actual or potential Fronting Exposure in relation to such Lender as to which it desires to maintain Cash Collateral or other credit support.

(d) Claims against Defaulting Lenders. No action taken, permitted to be taken or omitted to be taken by the Borrower, the Administrative Agent, the Swing Line Lender or any Lender under this Section 2.17 or any of the other terms or provisions of this Agreement shall constitute or be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the Swing Line Lender or any other Lender may have against a Defaulting Lender for its failure to comply with any of the terms or provisions of this Agreement.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

Section 3.01 Conditions Precedent to Effectiveness. This Agreement shall become effective on the date (the "Effective Date") that the following conditions precedent have been satisfied:

(a) The Borrower shall have paid all fees and expenses of the Administrative Agent and the Lenders payable hereunder and accrued as of the Effective Date (including the accrued fees and expenses of counsel to the Administrative Agent).

(b) On the Effective Date, the following statements shall be true and the Administrative Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

- (i) The representations and warranties contained in Section 4.01 are correct in all material respects on and as of the Effective Date, and
- (ii) No event has occurred and is continuing that constitutes a Default.

(c) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Administrative Agent and (except for the Notes) in sufficient copies for each Lender:

- (i) Executed counterparts of this Agreement from all parties hereto.
- (ii) If requested by a Lender, a Note payable to the order of such Lender, in a principal amount equal to each such Lender's Commitment.
- (iii) Certified copies of the resolutions of the Board of Directors (or committee thereof) of the Borrower and each other Loan Party approving this Agreement, the Notes and each Guaranty to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with respect to this Agreement, the Notes and each Guaranty.
- (iv) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign the Loan Documents to which it is a party and the other documents to be delivered hereunder.
- (v) A Subsidiary Guaranty executed by each Subsidiary Guarantor, and the Parent Guaranty duly executed by the Parent and IHCL.
- (vi) An opinion of Alston & Bird LLP, counsel for the Borrower and certain other Loan Parties, in substantially the form of Exhibit F attached hereto.
- (vii) An opinion of Linklaters, English counsel for IHCL, in substantially the form of Exhibit G attached hereto and to such other matters as any Lender through the Administrative Agent may reasonably request.
- (viii) An opinion of APPLEBY, Bermuda counsel for the Parent, in substantially the form of Exhibit H attached hereto and to such other matters as any Lender through the Administrative Agent may reasonably request.
- (ix) An acceptance of the appointment of the Process Agent (as such term is defined in Section 8.12) for each of the Parent and IHCL.
- (x) A certificate signed by the chief financial officer of the Borrower certifying the current Debt Ratings.

(d) All amounts outstanding, if any, under the Existing Credit Agreement shall have been paid, and the Existing Credit Agreement shall have been terminated (including termination of all commitments thereunder) in writing satisfactory to the Administrative Agent.

(e) The Administrative Agent shall have received (i) the Consolidated financial statements of the Parent and its Subsidiaries for the fiscal quarter ended March 31, 2009 and (ii) the financial projections of the Parent and its Subsidiaries on a Consolidated basis for the fiscal years ended 2009, 2010 and 2011, in each case, in form and substance reasonably satisfactory to the Administrative Agent.

Section 3.02 Conditions Precedent to Each Borrowing and Each Increase Date. The obligation of each Lender to make an Advance on the occasion of each Borrowing and each increase of Commitments pursuant to Section 2.05(b) shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing or such Increase Date the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and request for Commitment increase and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or such Increase Date such statements are true):

(a) the representations and warranties contained in Section 4.01 (excluding, in the case of Borrowings, clauses (g) and (i)(i) of Section 4.01) are correct in all material respects on and as of the date of such date, before and after giving effect to such Borrowing or such Increase Date and to the application of the proceeds therefrom, as though made on and as of such date except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date (other than in the case of the representations and warranties made in Section 4.01(d), which shall be correct in all material respects on and as of such date of Borrowing or such Increase Date as though made on and as of such date, without regard to any earlier date referenced therein); and

(b) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, or such Increase Date that constitutes a Default.

Section 3.03 Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Administrative Agent shall promptly notify the Lenders and the Borrower of the occurrence of the Effective Date.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Parent and the Borrower . Each of the Parent and the Borrower represents and warrants as follows:

(a) Each Loan Party (i) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, (ii) is duly qualified and in good standing in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted except where failure to possess such power or authority is not reasonably likely to have a Material Adverse Effect.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of each Loan Party as of the Effective Date, showing as of such date (as to each such Subsidiary) the jurisdiction of its incorporation or organization and identifying, as of the Effective Date, each Subsidiary that is a Material Subsidiary. All of the outstanding capital stock of all such Subsidiaries owned by a Loan Party or a Subsidiary of a Loan Party has been validly issued, is fully paid and non-assessable and, other than directors' qualifying shares, is owned by such Loan Party or one or more of its Subsidiaries free and clear of all Liens (other than Permitted Liens). Each such Subsidiary (i) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, (ii) is duly qualified and in good standing in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted except where failure to possess such power or authority is not reasonably likely to have a Material Adverse Effect.

(c) The execution, delivery and performance by each Loan Party of this Agreement, the Notes and each other Loan Document to which it is or is to be a party, and the incurrence of the obligations provided for herein and therein, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Loan Party's charter or bylaws, (ii) violate any law (including, without limitation, the Exchange Act), rule, regulation (including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties or (iv) except as otherwise provided for under this Agreement, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule,

regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which is reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, or performance by any Loan Party of this Agreement, the Notes or any other Loan Document to which it is or is to be a party, or (ii) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents as of Effective Date, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d), all of which have been duly obtained, taken, given or made and are in full force and effect.

(e) This Agreement has been, and each of the Notes and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each of the Notes and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms except as the same may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations contained herein or therein and as may be limited by equitable principles generally.

(f) The Consolidated and consolidating balance sheets of the Parent and its Subsidiaries as at December 31, 2008, and the related Consolidated and consolidating statements of income and Consolidated statement of cash flows of the Parent and its Subsidiaries for the fiscal year then ended, and the Consolidated and consolidating balance sheets of the Parent and its Subsidiaries as at March 31, 2009, and the related Consolidated and consolidating statements of income and Consolidated statement of cash flows of the Parent and its Subsidiaries for the three months then ended, duly certified by the chief financial officer of the Parent, copies of which have been furnished to each Lender in accordance with Section 5.01(j) of the Existing Credit Agreement, fairly present, subject, in the case of said balance sheets as at March 31, 2009, and said statements of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated and consolidating financial condition of the Parent and its Subsidiaries as at such dates and the Consolidated and consolidating results of the operations of the Parent and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP applied on a consistent basis.

(g) Since December 31, 2008, there has been no Material Adverse Change.

(h) No written information, exhibit or report furnished by any Loan Party to any Agent or any Lender in connection with the negotiation of the Loan Documents or pursuant to the terms of the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made.

(i) There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or, to the knowledge of the Loan Parties, after commercially reasonable diligence, any of its Subsidiaries pending or, to the knowledge of the Loan Parties, after commercially reasonable

diligence, threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect as of the Effective Date (other than the matters described on Schedule 4.01(i) hereto (the “Disclosed Litigation”)) and there has been no change or other development in the Disclosed Litigation which is reasonably likely to result in a Material Adverse Change, or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note or any other Loan Document or the consummation of the transactions contemplated hereby.

(j) Following application of the proceeds of each Advance, not more than 25 percent of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 5.02(a) or 5.02(d) or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of Section 6.01(e) will be margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System). Neither the making of any Advance nor the use of proceeds thereof will violate or be inconsistent with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(k) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has resulted in or is reasonably expected to result in a Material Adverse Effect.

(l) No Plan is “at risk” as defined in Section 430(i)(4) of the Internal Revenue Code.

(m) Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur (i) any liability under Section 4064 or 4069 of ERISA or (ii) any Withdrawal Liability to any Multiemployer Plan that in either event has resulted or would be reasonably likely to result in a Material Adverse Effect.

(n) Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and, to the best knowledge of any Loan Party or any ERISA Affiliate, no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(o) Each Loan Party and each of its Subsidiaries and Affiliates has filed, has caused to be filed or has been included in all tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties, except (i) where failure to file such tax returns or pay such taxes would not reasonably be expected to have a Material Adverse Effect or (ii) for such taxes that are being contested in good faith by appropriate proceedings for which adequate reserves have been provided in accordance with GAAP.

(p) Neither any Loan Party nor any of its Subsidiaries is an “investment company”, or a company “controlled by” an “investment company”, as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Advances nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the

other transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(q) Each Subsidiary of the Parent engaged in advisory or management activities, if any, is duly registered as an investment adviser as and to the extent required under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder. Each Subsidiary of the Parent engaged in the broker-dealer business, if any, is duly registered as a broker-dealer as and to the extent required under the Exchange Act, as amended, and the rules and regulations promulgated thereunder and, as and to the extent required is a member in good standing of the National Association of Securities Dealers, Inc.

(r) As of the Effective Date, neither the Parent nor any of its Subsidiaries is in default and no waiver of default is in effect with respect to the payment of any principal or interest of any Existing Debt for borrowed money.

(s) The obligations of each Loan Party under the Loan Documents to which it is a party constitute direct, unconditional and general obligations of such Loan Party that rank and will rank at least pari passu in priority of payment and in all other respects with all other Debt of such Loan Party.

(t) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(u) Set forth on Schedule 4.01(u) hereto is a complete and accurate list of all Existing Debt showing as of the Effective Date the principal amount outstanding thereunder.

(v) The Parent and each of its Significant Subsidiaries owns or has fully sufficient right to use, free from all material restrictions (other than Permitted Liens and Liens permitted under Section 5.02(a)), all real and personal (including, without limitation, intellectual) properties that are necessary for the operation of their respective businesses as currently conducted.

(w) As of the Effective Date, except under documents governing any Existing Debt, and except as may be provided by applicable laws, rules or regulations (including those restrictions imposed by governmental authorities), no Subsidiary of the Parent (other than any Special Purpose Subsidiary) is party to any agreement prohibiting, conditioning or limiting the payment of dividends or other distributions to the Parent or any of its Subsidiaries or the repayment of Debt owed to the Parent by any Subsidiary of the Parent.

(x) The Parent and each Subsidiary is in compliance with all Environmental Laws, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(y) The properties of the Parent and each of its Significant Subsidiaries are insured with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Parent or such Significant Subsidiary operates.

ARTICLE V

COVENANTS OF THE BORROWER

Section 5.01 Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, each of the Parent and the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include (to the extent applicable), without limitation, compliance with the Investment Advisers Act of 1940, as amended, ERISA and Environmental Laws, except where the failure to do so would not, and would not be reasonably expected to, have a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all taxes, assessments, claims and governmental charges or levies imposed upon it or upon its property, except to the extent that any failure to do so would not, and would not be reasonably expected to, have a Material Adverse Effect; *provided, however*, that neither the Parent nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, claim or charge that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Significant Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Parent or such Significant Subsidiary operates.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, registrations, privileges and franchises; *provided, however*, the Parent and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(c); and *provided further* that (i) no Subsidiary of the Parent other than a Loan Party shall be required to maintain its existence and (ii) neither the Parent nor any of its Subsidiaries shall be required to preserve or maintain any legal structure, right, permit, license, approval, registration, privilege or franchise, unless, in any such case with respect to (i) or (ii) above, the failure to do so would, or would be reasonably expected to, (A) have a Material Adverse Effect or (B) release any Loan Party from its obligations under any Loan Document.

(e) Visitation Rights. At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Parent and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Parent and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, all of which shall be at the expense of the Borrower upon and during the continuance of an Event of Default.

(f) Keeping of Books. Keep, and cause each of its Significant Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent and each such Significant Subsidiary in accordance with GAAP applicable to such Person in effect from time to time.

(g) Maintenance of Properties, Etc. Take all reasonable action to maintain and preserve, and cause each of its Subsidiaries to take all reasonable action to maintain and preserve, all of its properties that are necessary in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to so maintain and preserve such properties would not, and would not be reasonably expected to, have a Material Adverse Effect.

(h) New Material Subsidiaries. Promptly and in any event within 30 days following the request of the Required Lenders made after either (i) the organization or acquisition of any new Material Subsidiary or (ii) the delivery of audited annual financial statements pursuant to Section 5.01(j) that indicate that a Subsidiary of the Parent that is not at such time a Guarantor is a Material Subsidiary, cause such Material Subsidiary to execute and deliver a joinder agreement to the Subsidiary Guaranty in form and substance reasonably satisfactory to the Administrative Agent, together with such documents as the Required Lenders may request evidencing corporate action taken to authorize such execution and delivery and the incumbency and signatures of officers of such Material Subsidiary, *provided* that a Material Subsidiary shall not be required to become a Guarantor if (A) a guaranty by such Material Subsidiary would result in materially adverse tax consequences to the Parent and its Subsidiaries or shareholders of the Parent or (B) a guaranty by such Material Subsidiary is prohibited or limited by regulatory requirements or applicable law.

(i) Use of Proceeds. Use the proceeds of the Advances solely as provided in Section 2.16 and otherwise in accordance with the terms hereof.

(j) Reporting Requirements. Furnish to the Administrative Agent and the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Parent, a copy of the Form 10-Q filed with the Securities and Exchange Commission for such quarter for the Parent and its Subsidiaries, containing a Consolidated and, consistent with past practice, consolidating balance sheets of the Parent and its Subsidiaries as of the end of such quarter and Consolidated and, consistent with past practice, consolidating statements of income and Consolidated cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Parent as having been prepared in accordance with GAAP and a Compliance Certificate of the chief financial officer of the Parent as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Sections 5.03(a) and (b);

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Parent, a copy of the Form 10-K filed with the Securities and Exchange

Commission for such year for the Parent and its Subsidiaries, containing a Consolidated balance sheet of the Parent and its Subsidiaries and, consistent with past practice, consolidating balance sheets of the Parent and its Subsidiaries as of the end of such fiscal year and a Consolidated and, consistent with past practice, a consolidating statement of income and Consolidated cash flows of the Parent and its Subsidiaries for such fiscal year, in each case accompanied by (i) a report and opinion as to such Consolidated financial statements by Ernst & Young LLP or other independent public accountants approved by the audit committee of the Parent's board of directors and, if other than Deloitte & Touche LLP, KPMG LLP, or PricewaterhouseCoopers LLP, reasonably acceptable to the Required Lenders (the "Auditor"), which report and opinion shall be prepared in accordance with applicable audit standards, and which report and opinion shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and (ii) a Compliance Certificate of the chief financial officer of the Parent as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Sections 5.03(a) and (b);

(iii) as soon as possible and in any event within five days after the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer of the Parent setting forth details of such Default and the action that the Parent has taken and proposes to take with respect thereto;

(iv) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Parent or any of its Subsidiaries of the type described in Section 4.01(i);

(v) (A) promptly and in any event within 20 days after any Loan Party or any ERISA Affiliate knows or has reason to know that (1) any ERISA Event has occurred which could result in a material liability of any Loan Party or any ERISA Affiliate, or (2) any Loan Party or any ERISA Affiliate has incurred or is reasonably expected to incur a material liability under Section 4064 or 4069 of ERISA, a statement of the chief financial officer of the Borrower describing such ERISA Event and the circumstances giving rise to, and the amount of such liability and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (B) within two Business Days of the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information;

(vi) promptly and in any event within two Business Days after receipt thereof by any Loan Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(vii) promptly upon request from the Administrative Agent or any Lender, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) required to be filed with respect to each Plan whose funded current liability percentage (as defined in Section 302 (d)(8) of ERISA) is less than 100%;

(viii) promptly and in any event within 20 days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition on any Loan Party or any ERISA Affiliate of Withdrawal Liability in a material amount by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by any Loan Party or any ERISA Affiliate in connection with any event described in clause (A) or (B);

(ix) promptly and in any event within five Business Days after the organization or acquisition of any Material Subsidiary, notice of such event;

(x) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Parent, and copies of all annual, regular, periodic and special reports and registration statements which the Parent may file or be required to file with the SEC under Section 13 or 15(d) of the Exchange Act, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(xi) within ten (10) days after the end of each calendar month, a Compliance Certificate showing compliance with the financial covenant set forth in Section 5.03(c) and attaching such detail on the Consolidated Long Term Assets Under Management and on the money market assets under management for the Parent and its Subsidiaries on a Consolidated basis as of such month end as the Administrative Agent may reasonably request, including, without limitation, detail on inflows and outflows, market gains and losses and the impact of acquisitions, dispositions and foreign currency fluctuations;

(xii) promptly, of any announcement by Moody's or S&P of any change in a Debt Rating or outlook; and

(xiii) such other information respecting the Parent or any of its Subsidiaries as the Administrative Agent or any Lender acting through the Administrative Agent may from time to time reasonably request.

Documents required to be delivered pursuant to Section 5.01(j)(i) or (ii) may be delivered electronically by e-mailing such information to an e-mail address of the Administrative Agent as specified to the Borrower by the Administrative Agent from time to time. The Administrative Agent shall promptly post such documents on the Borrower's behalf onto the Platform. Such information shall be deemed to have been delivered to the Lenders on the date such documents are posted to the Platform. In addition, such documents may be delivered by posting the documents on the Parent's website on the Internet, and if so delivered, shall be deemed to have been delivered on the date on which the Parent posts such documents, or provides a link thereto on the Parent's website on the Internet at the website address listed on Schedule 8.02; *provided* that the Parent shall notify the Administrative Agent (by facsimile or electronic mail) of the posting of any such documents and, if requested by the Administrative Agent, provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the

Borrower shall be required to provide copies of the Compliance Certificate required by Section 5.01(j)(i), (ii) and (xi) to the Administrative Agent by facsimile or electronic mail. Except for such Compliance Certificate, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Parent with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Parent and the Borrower hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders information provided by or on behalf of the Parent and/or the Borrower hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks or another similar electronic system (the “Platform”) and (b) certain of the Lenders may be “public-side” Lenders (*i.e.*, Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a “Public Lender”). Each of the Parent and the Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC”, the Parent and the Borrower shall be deemed to have authorized the Administrative Agent, each Arranger and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Parent and the Borrower or its securities for purposes of United States Federal and state securities laws (*provided, however* , that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 8.07); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor”; and (z) the Administrative Agent and each Arranger shall be entitled to treat the Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

Section 5.02 Negative Covenants . So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, neither the Parent nor the Borrower will at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, *excluding , however* , from the operation of the foregoing restrictions the following:

- (i) Permitted Liens;
- (ii) Liens granted pursuant to Sections 2.03(g) and 2.17 ;
- (iii) Liens on deposit accounts of the Parent and its Subsidiaries in respect of their cash pooling operations;

(iv) purchase money Liens upon or in real property or equipment acquired or held by the Parent or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of any such property or equipment, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property); *provided*, *however*, that no such Lien shall extend to or cover any properties of any character other than the property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced; and *provided further* that the aggregate principal amount of the Debt secured by Liens permitted by this clause (iv) and clause (v) below shall not exceed \$100,000,000 at any time outstanding;

(v) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Parent or any Subsidiary of the Parent or becomes a Subsidiary of the Parent; *provided* that such Liens were not created in contemplation of such merger, consolidation or investment and do not extend to any assets other than those of the Person merged into or consolidated with the Parent or such Subsidiary or acquired by the Parent or such Subsidiary; *provided, further*, that the aggregate principal amount of the Debt secured by Liens permitted by this clause (v) and clause (iv) above shall not exceed \$100,000,000 at any time outstanding;

(vi) Liens arising pursuant to one or more securitization programs permitted pursuant to Section 5.02(d)(ii);

(vii) the replacement, extension or renewal of any Lien permitted by clauses (iv) and (v) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or addition of any direct or contingent obligor) of the Debt secured thereby;

(viii) Liens existing as of the Effective Date as described on Schedule 5.02(a);

(ix) Liens which are floating charges under English law in the form of an “industry standard” granted by Invesco Perpetual Life Limited (“IPLL”) on its revolving business assets (without attaching to any particular asset until the floating charge crystallises on insolvency events which will result in steps being taken to make payment of a dividend to creditors or where the reinsurance creditor reasonably considers this may happen) to reinsurance creditors to support the obligations of IPLL thereto under reinsurance contracts and limited in the amount secured to the amount which would have been recoverable had the secured amount been an unsecured debt owed to a direct policy holder of IPLL;

(x) Liens to secure Subsidiary Non-Recourse Debt, *provided* that no such Lien shall extend to or cover any properties or assets other than the property or assets being acquired with such Subsidiary Non-Recourse Debt and proceeds thereof; and

(xi) Liens on assets sold and leased back pursuant to sale and leaseback transactions permitted by Section 5.02(d)(vii).

(b) Loans. Make or hold, or permit any of its Subsidiaries to make or hold, loans or advances to any Person other than (i) loans or advances between or among the Parent and any of its Subsidiaries, (ii) loans or advances to Affiliates of the Parent or employees of the Parent or any Subsidiaries of the Parent in an aggregate principal amount at any one time outstanding not to exceed \$100,000,000 *provided* that all such loans or advances made to Affiliates that are employees of the Parent or any Subsidiary shall not exceed \$25,000,000 in an aggregate principal amount at any one time outstanding, and (iii) in addition to loans or advances permitted by clauses (i) and (ii) above, loans or advances to any Person in an aggregate principal amount at any one time outstanding not to exceed \$40,000,000.

(c) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that

(i) any of the Parent's Subsidiaries, other than the Borrower, may merge into the Parent;

(ii) any of the Borrower's Subsidiaries, the Parent or IHCL may merge into the Borrower; *provided* that with respect to a merger by the Parent into the Borrower, such merger does not result in a Material Adverse Effect.

(iii) the Parent may merge into IHCL; *provided*, that, immediately prior to or contemporaneous with any such merger, IHCL shall, so long as IHCL is the ultimate parent company of the Borrower, become a party to this Agreement in the place of the Parent pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent; *provided* further that such merger does not result in a Material Adverse Effect.

(iv) any Subsidiary of the Parent that is not a Restricted Subsidiary may merge with any other Subsidiary of the Parent that is not a Restricted Subsidiary;

(v) any Subsidiary of a Subsidiary Guarantor may merge with any Subsidiary Guarantor or a Subsidiary of a Subsidiary Guarantor;

(vi) any Subsidiary Guarantor may merge with any other Subsidiary of the Borrower; and

(vii) mergers in connection with acquisitions of Investments to the extent not prohibited pursuant to Section 5.02(e);

provided, however, that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default and, in the case of any such merger to which the Borrower is a party, the Borrower is the surviving corporation or, in the case of any merger to which a Guarantor, but not the Borrower, is a party, the surviving corporation is a Guarantor and is not (as a result of such merger) subject to any agreement described in Section 5.02(i)(iv).

(d) Sales, Etc. of Assets. Sell, lease (as lessor), transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease (as lessor), transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except:

(i) in a transaction authorized by subsection (c) of this Section;

(ii) the sale or other disposition to a third-party investor by the Parent or any of its Subsidiaries of its rights to receive distribution fees and contingent deferred sales charges pursuant to a securitization program;

(iii) the Parent and its Subsidiaries may, during any fiscal year of the Parent, sell, lease, transfer or otherwise dispose of assets (including equity securities owned by such Persons) which generated up to, but not to exceed, twenty percent (20%) of the Consolidated operating income of the Parent during the immediately preceding fiscal year of the Parent;

(iv) any Subsidiary of the Parent that is not a Restricted Subsidiary may sell, lease, transfer or otherwise dispose of up to (and including) all or substantially all of its assets to (a) the Parent, (b) the Borrower, (c) a wholly-owned Subsidiary of the Parent or the Borrower that is not a Restricted Subsidiary, or (d) a Guarantor;

(v) any Subsidiary Guarantor or any Subsidiary of a Subsidiary Guarantor may sell, lease, transfer or otherwise dispose of all or substantially all of its assets to any other Subsidiary Guarantor or a Subsidiary of a Subsidiary Guarantor;

(vi) sales or other dispositions of obsolete equipment and furniture;

(vii) sales of assets pursuant to sale and leaseback transactions; and

(viii) the sale, transfer or other disposition of cash, cash equivalents and securities in the ordinary course of business.

(e) Investments. Make, or permit any of its Subsidiaries to make, any Investment in any Person unless each of the following conditions are satisfied: (i) at the time of making, and after giving effect to, such Investment, no Event of Default shall have occurred and be continuing, and (ii) if and to the extent such Investment relates to the purchase or acquisition of all of the capital stock of, or all or substantially all of the assets of, such Person (A) such Person shall be in substantially similar lines of business as the Parent and its Subsidiaries or businesses reasonably related or complimentary thereto, (B) after giving effect to such Investment, the Parent will, on a *pro forma* basis, be in compliance with the financial covenants set forth in Section 5.03, and (C) members of the board of directors of the Parent or investing Subsidiary prior to such purchase or acquisition shall continue to constitute a majority of such members of such board immediately following the effectiveness of such purchase or acquisition.

(f) Change in Nature of Business. Make, or permit any of its Significant Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof.

(g) Charter Amendments. Amend, or permit any of its Significant Subsidiaries to amend, its certificate of incorporation or bylaws in a manner that has a Material Adverse Effect.

(h) Accounting Changes. Make or permit, or permit any of its Significant Subsidiaries to make or permit, any material change in accounting policies or reporting practices, except (i) as required by Securities Laws, the Securities Exchange Commission or GAAP applicable to the Parent or such Significant Subsidiary, (ii) with respect to any Significant Subsidiary, to adopt GAAP, or (iii) any change by a Significant Subsidiary to International Financial Reporting Standards as may be required by applicable regulatory authorities.

(i) Limitations on Certain Restrictions on Subsidiaries. Enter into or suffer to exist, or permit any of its Subsidiaries (other than any Special Purpose Subsidiary) to enter into or suffer to exist, any agreement prohibiting, conditioning or limiting (i) the payment of dividends by any Subsidiary of the Parent, (ii) the payment of Debt of a Subsidiary of the Parent to the Parent, the Borrower or other Subsidiaries of the Parent, (iii) the ability of any Subsidiary of the Parent to guaranty Debt of the Borrower, IHCL or the Parent, or (iv) the creation or assumption of any Lien upon any of its material property or material assets, other than in each such case, (A) under this Agreement and the other Loan Documents in favor of the Administrative Agent and the Lenders and (in the case of clause (iv) immediately above) any other agreement that permits the granting of Liens in favor of the Administrative Agent or the Lenders, (B) in connection with any Existing Debt (including any extensions or refinancing of any such Existing Debt), (C) restrictions contained in documents governing Debt of a Person that is acquired by, and not merged with or into, the Parent or any Subsidiary of the Parent, (D) as required by any law or regulation applicable to such Person or (E) with respect to clause (iv) above only, with respect to purchase money liens, Capital Leases and operating leases, but only as to the assets so purchased or leased.

(j) Partnerships, Etc. Become a general partner in any general or limited partnership or joint venture, or permit any of its Subsidiaries to do so, other than any Subsidiary the sole assets of which consist of its interest in such partnerships or joint ventures.

(k) Transactions with Affiliates. Conduct, or permit any of its Subsidiaries to conduct, transactions with any of their Affiliates except in the ordinary course of business of and pursuant to the reasonable requirements of the Parent's, the Borrower's or such Subsidiary's business and upon fair and reasonable terms that are no less favorable to the Parent, the Borrower or such Subsidiary, as the case may be, than those which would be obtained in a comparable arm's-length transaction with a Person not an Affiliate; *provided* that the foregoing restrictions shall not apply to

(i) any transaction (A) between any Loan Parties, (B) between any Subsidiary of the Parent that is not a Restricted Subsidiary and any other Subsidiary of the Parent that is not a Restricted Subsidiary (C) between the Borrower and any of its Subsidiaries, (D) between any Subsidiary Guarantor and any of its Subsidiaries, (E) with any Special Purpose Subsidiary, and (F) between the Parent or any of its Subsidiaries and their respective employees to make loans to such employees for purposes of exercising stock options of such employees and paying tax liabilities of such employees associated

therewith, *provided* that the total of all such loans shall not exceed \$25,000,000 in an aggregate principal amount at any one time outstanding; and

(ii) transactions between the Parent or any Subsidiary or other Investment Company sponsored by the Parent or any Subsidiary or for which the Parent or any Subsidiary provides advisory, administrative, supervisory, management, consulting, underwriting or similar services, that are otherwise permissible under the Investment Company Act of 1940, the Investment Advisers Act of 1940 and the applicable management contract.

(l) Non-Guarantor Subsidiary Debt. Permit its Subsidiaries, other than the Borrower and Subsidiaries that are Guarantors, collectively to incur Adjusted Debt in excess of \$100,000,000 in aggregate principal amount at any one time outstanding; *provided, however*, that the foregoing restriction shall not apply to any (i) Adjusted Debt of a Subsidiary (including any Person that will be or become a Subsidiary) of the Parent that is incurred or assumed in connection with a transaction that is permitted pursuant to Section 5.02(c) or Section 5.02(e)(ii) or (ii) Subsidiary Non-Recourse Debt.

(m) Restricted Payments. Declare or make, or permit any of its Subsidiaries to declare or make, directly or indirectly, any Restricted Payment except:

(i) The declaration or making of any Restricted Payment if, after giving effect thereto, the Debt/EBITDA Ratio does not exceed (A) from the Effective Date through December 31, 2009, 2.50 to 1.00 and (B) at all times thereafter, 2.25 to 1.00, *provided* that, so long as no Event of Default has occurred and is continuing, IHCL may repurchase, prepay or defease all or any portion of its senior notes due December 2009 without restriction of any kind;

(ii) payments in respect of shareholder compensation plans;

(iii) dividend payments or other distributions payable to the Parent or any Subsidiary;

(iv) purchases or repurchases of its Equity Interests in connection with exiting employees, officers or directors or due to the death of any such Person;

(v) ordinary quarterly dividends (and not special dividends) in such amounts as may be authorized from time to time by the board of directors of the Parent;

(vi) scheduled payments of Debt and refinancings of Debt prior to the original stated maturity thereof so long as such refinancings of Debt do not have a shorter maturity than the original stated maturity of the Debt refinanced; and

(vii) other repurchases, prepayments or defeasances of Debt ranking in priority *pari passu* with, and not contractually or structurally subordinated to, the Debt incurred under this Agreement, provided that immediately after giving thereto (A) no Event of Default shall have occurred and be continuing, (B) all such repurchases, prepayments or defeasances pursuant to this clause (vii) shall not exceed \$50,000,000 in the aggregate

during the term of this Agreement, and (C) the sum of (1) the amount of unrestricted cash and cash equivalents (which in no event shall include cash or cash equivalents used to satisfy regulatory requirements) of the Parent and its Subsidiaries on a Consolidated Basis and (2) the difference between (x) the Total Commitments and (y) the Outstanding Amount shall not be less than \$150,000,000.

For the avoidance of doubt, the Restricted Payments permitted by clauses (ii) through (vii) shall not be subject to the Debt/EBITDA Ratio requirements set forth in clause (i) above.

Section 5.03 Financial Covenants . So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Parent will:

(a) Debt/EBITDA Ratio . Maintain at the end of each fiscal quarter of the Parent a Debt/EBITDA Ratio not greater than the ratio set forth below opposite such fiscal quarter:

Fiscal Quarters Ending	Maximum Debt/EBITDA Ratio
Effective Date through December 31, 2010	3.25 to 1.00
Each fiscal quarter ending thereafter	3.00 to 1.00

(b) Coverage Ratio . Maintain at the end of each fiscal quarter of the Parent a ratio of EBITDA (excluding for purpose of this calculation of EBITDA only that portion of EBITDA attributable to the net income, expenses, losses, charges and gains of each Special Purpose Subsidiary) for the four consecutive fiscal quarters of the Parent ended on or immediately prior to the date of determination to interest payable on, and amortization of debt discount in respect of, Adjusted Debt (excluding from Adjusted Debt for purposes of this Section 5.03(b)(i) Subsidiary Non-Recourse Debt and (ii) so long as the Parent and its Subsidiaries own 100% of the Office Equipment Sale and Leaseback Bonds, liabilities with respect to the Office Equipment Sale and Leaseback Lease, in each case to the extent otherwise included in Adjusted Debt) for such period, of not less than 4.00 to 1.00.

(c) Minimum Consolidated Long Term Assets Under Management . Maintain as of the end of each calendar month Consolidated Long Term Assets Under Management of not less than \$194,800,000,000 (the “ Minimum CLTAUM ”); *provided* that, so long as no Event of Default has occurred and is continuing, the Minimum CLTAUM may be adjusted one time prior to the Termination Date at the request of the Borrower in connection with a disposition of assets permitted by Section 5.02(d) , such reset to take effect as of the month end first occurring after such asset disposition, to an amount equal to (A) the greater of (i) 66.67% and (ii) the percentage obtained by dividing the Minimum CLTAUM as of the Effective Date by the actual Consolidated Long Term Assets Under Management immediately prior to such asset disposition; multiplied by (B) the actual Consolidated Long Term Assets Under Management immediately after giving effect to such asset disposition (the “ Adjusted Minimum CLTAUM ”). Any such request (i) shall be in writing delivered to the Administrative Agent not less than ten (10)

Business Days prior to the calendar month end for which such Adjusted Minimum CLTAUM shall become effective and (ii) shall set forth in detail reasonably satisfactory to the Administrative Agent the calculation of the Adjusted Minimum CLTAUM and contain such other information as the Administrative Agent may reasonably request.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 Events of Default. If any of the following events (“Events of Default”) shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Parent, the Borrower or any Loan Party under any Loan Document or by either of the Parent or the Borrower (or any of its respective officers) in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) (i) The Parent or the Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d), (e) or (j), 5.02 or 5.03(a) or (b), (ii) the Parent shall fail to observe the covenant contained in Section 5.03(c) and such failure shall continue for a period of fifteen (15) days, or (iii) the Parent or the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(d) The Parent or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$50,000,000 (or the equivalent thereof in any other currencies) in the aggregate (but excluding Debt outstanding hereunder) of the Parent or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Parent or any of its Significant Subsidiaries or any Guarantor shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts

generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Parent or any of its Significant Subsidiaries or any Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 45 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Parent or any of its Significant Subsidiaries or any Guarantor shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$50,000,000 (or the equivalent thereof in any other currencies) shall be rendered against the Parent or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; *provided, however*, that any such judgment or order shall not be an Event of Default under this Section 6.01(f) if and for so long as (i) the amount of such judgment or order in excess of \$50,000,000 (or the equivalent thereof in any other currencies) is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least “A” by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such excess amount; or

(g) Any non-monetary judgment or order shall be rendered against the Parent or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Exchange Act), directly or indirectly, of Voting Stock of the Parent (or other securities convertible into such Voting Stock) representing 33% or more of the combined voting power of all Voting Stock of the Parent; or (ii) during the period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Parent cease to be composed of individuals (A) who were members of that board or equivalent governing body on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved (including approval solely for purposes of satisfying this provision) by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (C) whose election or nomination to that board or other equivalent governing body was approved (including approval solely for purposes of satisfying this provision) by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or

(i) Any ERISA Event shall have occurred with respect to a Plan, or any Loan Party or any ERISA Affiliate shall have incurred or be reasonably expected to incur liability under Section 4064 or 4069 of ERISA, and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Loan Parties and the ERISA Affiliates incurred or expected to be incurred with respect to Section 4064 or 4069 of ERISA or related to such ERISA Event) exceeds \$25,000,000; or

(j) Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Loan Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$25,000,000 or requires payments exceeding \$5,000,000 per annum; or

(k) Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$25,000,000;

(l) Any governmental authority or regulatory body shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which prohibits, enjoins or otherwise restricts the Parent or any of its Subsidiaries in a manner that has a Material Adverse Effect; or

(m) Any material provision of either Guaranty shall for any reason cease to be valid and binding on any applicable Guarantor or any Guarantor shall so state in writing, but in either case, only if such event could reasonably be expected to have a Material Adverse Effect;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances and the Notes, all interest thereon and all other amounts payable under this Agreement and the Notes to be forthwith due and payable and pursue all rights under any Guaranty, whereupon the Advances and the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided, however*, that in the event of an actual or deemed entry of an order for relief with respect to the Parent or any Significant Subsidiary or any Guarantor under the Bankruptcy Code of the United States, or any other liquidation, conservatorship, bankruptcy, reorganization or other similar debtor relief laws of the United States, the United Kingdom or Bermuda, (A) the obligation of

each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

Section 6.02 Application of Funds . After the exercise of remedies provided for in Section 6.01 (or after the Notes have automatically become immediately due and payable as set forth in Section 6.01), any amounts received on account of the Notes, all interest thereon and all other amounts payable under this Agreement (and with Advances, collectively referred to in this Section 6.02 as the “ Obligations ”) shall, subject to the provisions of Sections 2.17 and 8.16 , be applied by the Administrative Agent in the following order:

First , to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article II) payable to the Administrative Agent in its capacity as such;

Second , to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders and amounts payable under Article II), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third , to payment of that portion of the Obligations constituting accrued and unpaid interest on any Swing Line Loans, payable only to the Swing Line Lender;

Fourth , to payment of that portion of the Obligations constituting unpaid principal on any Swing Line Loans, payable only to the Swing Line Lender;

Fifth , to payment of that portion of the Obligations constituting accrued and unpaid interest on any of the Advances (other than Swing Line Loans), payable to the Lenders, ratably among them in proportion to the respective amounts described in this clause Fifth held by them;

Sixth , to payment of that portion of the Obligations constituting unpaid principal on any of the Advances (other than Swing Line Loans), ratably among the Lenders in proportion to the respective amounts described in this clause Sixth held by them;

Last , the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VII

ADMINISTRATIVE AGENT

Section 7.01 Appointment and Authority . Each of the Lenders hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms

hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and neither the Borrower, the Parent nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

Section 7.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Parent, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 7.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent, the Borrower or any of its respective Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 6.01 and 8.01) or (ii) in the absence of its own gross negligence or willful misconduct, *provided*, such limitation of liability of the Administrative Agent shall not prohibit or limit any cause of action the Borrower may otherwise have against any Lender. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 7.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) reasonably believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and reasonably believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Parent or the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in good faith in accordance with the advice of any such counsel, accountants or experts.

Section 7.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 7.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower so long as no Event of Default has occurred and is continuing, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that if the Administrative Agent shall notify the Borrower and the Lenders

that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section; *provided*, such Lenders so acting directly shall be and be deemed to be protected by all indemnities and other provisions herein for the benefit and protection of the Administrative Agent as if each such Lender were itself the Administrative Agent. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 8.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swing Line Lender and (b) the Swing Line Lender shall be discharged from all of its respective duties and obligations hereunder or under the other Loan Documents.

Section 7.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 7.08 No Other Duties, Etc.. Anything herein to the contrary notwithstanding, none of the Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender.

Section 7.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and

payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Advances and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel, and all other amounts, due the Lenders and the Administrative Agent under Sections 2.04 and 8.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.04 and 8.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting any amount owing by a Loan Party to a Lender or the Administrative Agent or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 7.10 Guaranty Matters. The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty if such Person ceases to be a Subsidiary of the Borrower or a Subsidiary of the Parent as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Lenders shall promptly confirm in writing the Administrative Agent's authority to release any Guarantor from its obligations under the Subsidiary Guaranty pursuant to this Section 7.10.

ARTICLE VIII MISCELLANEOUS

Section 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the

specific instance and for the specific purpose for which given; *provided, however* , that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 3.01 without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated) or require any Lender to make Advances in any currency other than Dollars or Sterling without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on any Advance, or (subject to clause (iii) of the last proviso to this Section 8.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; *provided, however* , that only the consent of the Required Lenders shall be necessary to amend Section 2.07(b) ;

(e) change Section 2.15 or Section 6.02 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender; or

(g) except in connection with permitted asset sales under Section 5.02(d) and other transactions permitted hereunder and in accordance with Section 7.10 hereof, release any Guarantor from its Guaranty without the written consent of each Lender ;

and, *provided further* , that (i) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders may be effected with the consent of all Lenders other than Defaulting Lenders), except that (i) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (ii) any waiver, amendment or other modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Section 8.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Parent, the Administrative Agent or the Swing Line Lender, to the address, telecopier number, electronic mail address(es) or telephone number specified for such Person on Schedule 8.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address(es) or telephone number specified for such Lender's Domestic Lending Office on Schedule I.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder, except for any notice of service of process under Section 8.12 or otherwise which shall be given in writing only as provided by applicable law, may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, *provided that* the foregoing shall not apply to notices to any Lender pursuant to Article II. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided that* approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided that* if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE

ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “ Agent Parties ”) have any liability to the Parent, the Borrower, any Lender, or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Parent’s, the Borrower’s or the Administrative Agent’s transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided, however* , that in no event shall any Agent Party have any liability to the Borrower, any Lender, or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. . Each of the Borrower, the Parent, the Administrative Agent, and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Parent, the Administrative Agent and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(e) Reliance by Administrative Agent and Lenders . The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Notices of Borrowing and Swing Line Loan Notices) that the Administrative Agent or such Lender reasonably believes has been given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice that the Administrative Agent, such Lender or such Related Party reasonably believes has been given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 8.03 No Waiver; Remedies . No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further

exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 8.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out of pocket expenses incurred by the Administrative Agent, any Lender (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent and any Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Advances made or the Notes issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Advances or Notes.

(b) Indemnification by the Borrower. The Borrower agrees to indemnify and hold harmless the Administrative Agent (and each sub-agent thereof), each Lender, each of their respective Affiliates, and each Related Party of any of the foregoing Persons (each, an “Indemnified Party”) from and against (i) any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees, charges, disbursements and expenses of counsel for any Indemnified Party) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) the Notes, this Agreement, any other Loan Document, any of the transactions contemplated herein or therein, the actual or proposed use of the proceeds of the Advances, or, in the case of the Administrative Agent (and any such sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents except to the extent such claim, damage, loss, liability or expense resulted from such Indemnified Party’s gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower or any other Loan Party, its respective directors, shareholders or creditors or an Indemnified Party or any other Person and regardless of whether any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

(c) Other Costs. If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance is made (i) by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(c) or (d), 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, (ii) by an Eligible Assignee to a Lender other than on the last day of

the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.06 as a result of a demand by the Borrower pursuant to Section 8.11, or (iii) as part of a distribution by the Administrative Agent to a Lender as a result of a Commitment Increase pursuant to Section 2.05(c), the Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance, less the return such Lender reasonably expects to receive on its redeployment of funds.

(d) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party thereof, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought and without regard to the last sentence in the definition of Pro Rata Share Percentage) of such unpaid amount, *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or against any Related Party thereof acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (d) are subject to the provisions of Section 2.02(e).

(e) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no Loan Party shall assert, and each hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof. No Indemnified Party referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby except as a result of such Indemnified Party's gross negligence or willful misconduct.

(f) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(g) Survival. Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section and Sections 2.11 and 2.14 herein shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Total Commitment and the repayment, satisfaction or discharge of all the other obligations of the Borrower and any other Loan Party in connection with any Loan Document.

Section 8.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured; *provided*, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 8.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender agrees promptly to notify the Borrower after any such set-off and application, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

Section 8.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (except by operation of law or to the extent permitted hereunder) and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, and (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances (including for purposes of this subsection (b), participations in Swing Line Loans) at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts. (A) In the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Advances at the time

owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; (B) and in any case not described in subsection b(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$10,000,000 and increments of \$1,000,000 in excess thereof unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided, however*, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advances or the Commitment assigned, except that this clause (ii) shall not apply to rights of the Swing Line Lender in respect of Swing Line Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund;

(C) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The Eligible Assignee, if it is not a Lender, shall deliver to the Administrative Agent an administrative questionnaire and the Administrative Agent shall further deliver such administrative questionnaire to the Borrower.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower, the Parent or any of the Borrower's or Parent's Affiliates or Subsidiaries, or (B) to any Defaulting Lender, any Impacted Lender, any of their respective Subsidiaries, or any Person which, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender or Impacted Lender hereunder, no such assignment by such Lender shall be effective unless and until, in addition to the other conditions thereto set forth herein, the applicable assignor or assignee shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, to each of which the applicable assignee and assignor hereby irrevocably consent), to pay and satisfy in full all Default Excess and interest accrued thereon attributable to such Defaulting Lender or Impacted Lender, as the case may be.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement with respect to the interest assigned and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement in addition to any rights and obligations it may theretofore have as a Lender, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.11, 2.14, and 8.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Advances owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register the designation, and revocation of designation, of any Lender as a Defaulting Lender or an Impacted Lender of which it has received notice. The Register shall be available for inspection by the Borrower and the Lenders at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender, the Parent, the Borrower or any of the Parent's or the Borrower's respective Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances (including such Lender's participations in Swing Line Loans) owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 8.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.11, 2.14 and 8.04 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.05 as though it were a Lender, *provided* such Participant agrees to be subject to Section 2.15 as though it were a Lender.

(e) Limitation upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 2.11 or 2.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.14 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.14 as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note(s), if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce

Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Resignation as Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Advances pursuant to subsection (b) above, Bank of America may, upon 30 days' notice to the Borrower and the Lenders, resign as Swing Line Lender. In the event of any such resignation, the Borrower shall be entitled to appoint from among the Lenders a successor Swing Line Lender hereunder; *provided, however*, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as Swing Line Lender. If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Advances or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.03(c). Upon the appointment of a successor and acceptance of such appointment by the successor Swing Line Lender, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swing Line Lender, as the case may be.

Section 8.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Parent or the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section actually known to or caused by the disclosing party or (y) becomes available to the Administrative Agent, any Lender, or any of their respective Affiliates on a nonconfidential basis from a source other than the Parent or the Borrower.

For purposes of this Section, "Information" means all information received from the Parent, the Borrower or any Subsidiary of the Parent relating to the Parent, the Borrower or any such Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Parent, the Borrower or any such Subsidiary, *provided* that, in the case of information received from the Parent, the Borrower or any such Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required

to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Parent, the Borrower or a Subsidiary of either thereof, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including Federal and state securities laws with respect to Lenders subject to such laws and only to the extent such laws are applicable to such Lender.

Section 8.08 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 8.09 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.10 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing or any Advance, and shall continue in full force and effect as long as any Advance or any other Obligation hereunder shall remain unpaid or unsatisfied.

Section 8.11 Replacement of Lenders. (i) If any Lender requests compensation under Section 2.11, (ii) if the Borrower is required to pay any additional amount to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14, (iii) if any Lender is, or within fifteen (15) Business Days of such assignment or delegation was, a Defaulting Lender or an Impacted Lender (in either case, without regard to whether any applicable Impact Period is then in effect), (iv) if any Lender is unable to make Eurocurrency Rate Advances pursuant to Section 2.12, or (v) if any Lender shall fail to provide any consent, or consent to any waiver or amendment, agreed to by the Required Lenders then the Borrower may, at its sole expense and effort, upon written notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 8.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), *provided* that:

(a) the Borrower shall have paid (or cause to be paid) to the Administrative Agent the assignment fee specified in Section 8.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 8.04(c)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 2.11 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable laws;

(e) no Default or Event of Default shall have occurred and be continuing; and

(f) such parties to the assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption and the assignee shall deliver to the Administrative Agent an administrative questionnaire.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 8.12 Jurisdiction, Etc.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Parent hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon the Parent c/o the Borrower at its offices at 1555 Peachtree Street N.E., Atlanta, Georgia 30309, Attention: General Counsel (the “Process Agent”), and hereby further agrees that the failure of the Process Agent to give any notice of any such service to the Parent shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the

laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) To the extent that either the Parent or the Borrower has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each of the Parent and the Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Documents.

Section 8.13 Judgment.

(a) Rate of Exchange. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under the Notes in another currency into Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase such other currency with Dollars in New York City, New York, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

(b) Indemnity. The obligation of the Borrower in respect of any sum due from it to the Administrative Agent or any Lender hereunder or under any Note shall, notwithstanding any judgment in a currency other than Dollars, be discharged only to the extent that on the Business Day next succeeding receipt by the Administrative Agent or such Lender of any sum adjudged to be so due in such other currency, the Administrative Agent or such Lender, as the case may be, may, in accordance with normal banking procedures, purchase Dollars with such other currency. If the Dollars so purchased are less than the sum originally due to the Administrative Agent or such Lender in Dollars, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender against such loss, and if the Dollars so purchased exceed the sum originally due to any the Administrative Agent or any Lender in Dollars, the Administrative Agent or such Lender agrees to remit to the Borrower such excess.

Section 8.14 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE

BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 8.15 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower and the Parent that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

Section 8.16 Defaulting Lenders and Impacted Lenders.

(a) Notwithstanding anything contained in this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then, to the extent permitted by applicable law:

(i) Waivers and Amendments. During any Impact Period with respect to such Defaulting Lender, such Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 8.01.

(ii) Reallocation of Advance Payments. Until such time as the Default Excess with respect to such Defaulting Lender shall have been reduced to zero, any payment or prepayment of the Advances of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise) shall be applied, *first*, to the Advances of other Lenders as if such Defaulting Lender had no Advances outstanding, until such time as the Outstanding Amount of Advances of each Lender shall equal its Pro Rata Share thereof (without giving effect to the last sentence in the definition of Pro Rata Share Percentage), ratably to the Lenders in accordance with their respective Pro Rata Share of Advances being repaid or prepaid; *second*, to the then outstanding Defaulted Payments (defined below) owed by such Defaulting Lender (and applicable interest thereon), ratably to the Persons entitled thereto, and *third*, to the posting of Cash Collateral (unless other credit support acceptable to the Administrative Agent has been provided by such Defaulting Lender in lieu thereof) in respect of such Defaulting Lender’s Pro Rata Share (without giving effect to the last sentence in the definition of Pro Rata Share Percentage) of Swing Line Loans, to the Swing Line Lender in accordance with its Fronting Exposure. Any such amounts as are reallocated pursuant to this Section 8.16 (a)(ii) that are payable or paid (including pursuant to Section 8.05) to such Defaulting Lender shall be deemed paid to such Defaulting Lender and applied by the Administrative Agent on behalf of such Defaulting Lender, and each Lender hereby irrevocably consents thereto.

(iii) Other Payments. Until such time as all Defaulted Payments and interest thereon with respect to such Defaulting Lender shall have been paid, the Administrative Agent may (in its discretion and with the irrevocable consent of each Defaulting Lender, which is hereby given) deem any amounts (other than those described in clause (ii) immediately above) thereafter received by the Administrative Agent for the account of such Defaulting Lender (including amounts made available to the Administrative Agent by such Defaulting Lender pursuant to Section 8.05) to have been paid to such Defaulting Lender and applied on behalf of such Defaulting Lender, *first*, to the then outstanding Defaulted Payments owed by such Defaulting Lender (and applicable interest thereon) ratably to the Persons entitled thereto, and, *second*, to the posting of Cash Collateral (unless other credit support acceptable to the Administrative Agent has been provided by such Defaulting Lender in lieu thereof) in respect of such Defaulting Lender's Pro Rata Share (without giving effect to the last sentence in the definition thereof) of Swing Line Loans, to the Swing Line Lender in accordance with its Fronting Exposure.

(iv) Certain Fees. With respect to any Defaulting Lender with one or more Defaulted Advances or Defaulted Payments, such Defaulting Lender shall not be entitled to receive any facility fee pursuant to Section 2.04(a) for any Impact Period with respect to such Defaulting Lender except to the extent allocable to the sum of (1) the Outstanding Amount of its Advances and (2) its Pro Rata Share of Swing Line Loans for which either (x) Cash Collateral or other credit support has been provided pursuant to Section 2.03(g), or (y) the Pro Rata Share Percentage of other Lenders has been adjusted pursuant to the last sentence of the definition thereof (and the Borrower shall not be required to pay the remaining amount of such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(v) At the request of the Borrower, such Defaulting Lender may be replaced in accordance with Section 8.11.

(vi) No assignments otherwise permitted by Section 8.06 shall be made to (A) a Defaulting Lender or Impacted Lender or (B) any of the Subsidiaries or Affiliates of such Person that are themselves Distressed Persons (as defined below).

(b) Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender or an Impacted Lender, then, to the extent permitted by applicable law:

(i) At the request of the Borrower, such Defaulting Lender or Impacted Lender may be replaced in accordance with Section 8.11.

(ii) No assignments otherwise permitted by Section 8.06 shall be made to (A) such Defaulting Lender or Impacted Lender or (B) any of the Subsidiaries or Affiliates of such Person that are themselves Distressed Persons (as defined below).

(c) As used in this Agreement:

“Default Excess” means, as at the date of computation thereof with respect to any Defaulting Lender, the sum of the amounts of Defaulted Advances and Defaulted Payments of such Lender at such date.

“ Defaulted Advance ” has the meaning specified in the definition of “ Defaulting Lender .”

“ Defaulted Payment ” has the meaning specified in the definition of “ Defaulting Lender .”

“ Defaulting Lender ” means any Lender that (i) has failed to fund any portion of an Advance (each such Advance, a “ Defaulted Advance ”) within one (1) Business Day of the date required to be funded by it hereunder, (ii) has otherwise failed to pay over to the Administrative Agent or any Lender (including the Swing Line Lender) any other amount required to be paid by it hereunder, including participations in Swing Line Loans (each such payment, a “ Defaulted Payment ”) within one (1) Business Day of the date when due, unless the subject of a good faith dispute, or (iii) as to which a Distress Event has occurred, in each case for so long as the applicable Impact Period is in effect.

“ Distress Event ” means, with respect to any Person (each, a “ Distressed Person ”), (i) the commencement of a voluntary or involuntary case (or comparable proceeding) with respect to such Distressed Person under the bankruptcy code of the United States or any comparable bankruptcy, insolvency, receivership, reorganization or other debtor relief laws (which, as to any involuntary case or comparable proceeding, has not been dismissed), (ii) a custodian, conservator, receiver or similar official is appointed for such Distressed Person or for any substantial part of such Distressed Person’s assets, (iii) such Distressed Person consummates or enters into a commitment to consummate a forced (in the good faith judgment of the Administrative Agent) liquidation, merger, sale of assets or other transaction resulting, in the good faith judgment of the Administrative Agent, in a change of ownership or operating control of such Distressed Person supported in whole or in part by guaranties, assumption of liabilities or other comparable credit support of (including without limitation the nationalization or assumption of ownership or operating control by) any governmental authority and either the Administrative Agent or the Required Lenders have concluded (in their respective, good faith judgment) that any such event described in this clause (iii) increases the risk that such Distressed Person will incur Defaulted Advances or Defaulted Payments, or (iv) such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any governmental authority having regulatory authority over such Distressed Person or its assets to be, insolvent, bankrupt, or deficient in meeting any capital adequacy or liquidity standard of any governmental authority applicable to such Distressed Person.

“ Distressed Person ” has the meaning specified in the definition of “ Distress Event .”

“ Impact Period ” means, with respect to any Defaulting Lender or Impacted Lender,

(i) in the case of any Defaulted Advance, the period commencing on the date

the applicable Defaulted Advance was required to be extended to the Borrower under this Agreement and ending on the earlier of the following: (x) the date on which both (A) the related Default Excess with respect to such Defaulting Lender has been reduced to zero (whether by the funding of any Defaulted Advance by such Defaulting Lender, the repayment of Loans by the Borrower, the non-pro-rata application of any prepayment pursuant to Section 8.16(a)(ii) or otherwise) and (B) such Defaulting Lender shall have delivered to the Borrower and the Administrative Agent a written reaffirmation of its intention to honor its obligations hereunder with respect to its Commitment; and (y) the date on which the Borrower, the Administrative Agent and the Required Lenders (not including such Defaulting Lender in any such determination, in accordance with Section 8.16(a)(i).) waive the application of this Section 8.16 with respect to such Defaulted Advances of such Defaulting Lender in writing;

(ii) in the case of any Defaulted Payment, the period commencing on the date the applicable Defaulted Payment was required to have been paid to the Administrative Agent or other Lender under this Agreement and ending on the earlier of the following: (x) the date on which both (A) such Defaulted Payment has been paid to the Administrative Agent or other Lender, as applicable, together with (to the extent that such Person has not otherwise been compensated by the Borrower for such Defaulted Payment) interest thereon for each day from and including the date such amount is paid but excluding the date of payment, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with its then-applicable policies regarding interbank compensation (whether by the funding of any Defaulted Payment by such Defaulting Lender, the application of any amount pursuant to Section 8.16(a)(iii) or otherwise) and (B) such Defaulting Lender shall have delivered to the Administrative Agent or other Lender, as applicable, a written reaffirmation of its intention to honor its obligations hereunder with respect to such payments; and (y) the date on which the Administrative Agent and any such other Lender waive the application of this Section 8.16 with respect to such Defaulted Payments of such Defaulting Lender in writing;

(iii) in the case of any Distress Event determined by the Administrative Agent (in its good faith judgment) or the Required Lenders (in their respective good faith judgments) to exist, the period commencing on the date that the applicable Distress Event was so determined to exist and ending on the earlier of the following: (x) the date on which both (A) such Distress Event is determined by the Administrative Agent (in its good faith judgment) or the Required Lenders (in their respective good faith judgments) to no longer exist and (B) such Defaulting Lender or Impacted Lender shall have delivered to the Borrower and the Administrative Agent a written reaffirmation of its intention to honor its obligations hereunder with respect to its Commitment; and (y) such date as the Borrower and the Administrative Agent mutually agree, in their sole discretion, to waive the application of this Section 8.16 with respect to such Distress Event of such Defaulting Lender or Impacted Lender; *provided* that, in each case, any Default Excess (including any required interest thereon) and Fronting Exposure arising as a consequence of such Distress Event shall either (1) have been paid in full or otherwise eliminated as herein provided, or (2) each Person entitled to payments or Cash Collateral (or other credit support) in respect thereof shall have waived the receipt thereof; and

(iv) in the case of any event described in either clause (a) or clause (b) of the definition of “Impacted Lender,” the period commencing on the date that the applicable event or determination occurred and ending on the earlier of the following: (A) the date such event is determined by the Administrative Agent (in its good faith judgment) or the Required Lenders (in their respective good faith judgment), in each case with the concurrence of the Swing Line Lender, to no longer exist and (B) such Impacted Lender shall have delivered to the Borrower and the Administrative Agent a written reaffirmation of its intention to honor its obligations hereunder with respect to its Commitment; and (y) such date as the Administrative Agent and the Swing Line Lender mutually agree, in their sole discretion, to waive the application of this Section 8.16 with respect thereto.

“Impacted Lender” means any Lender (a) that has given verbal or written notice to the Borrower, the Administrative Agent or the Swing Line Lender, or has otherwise publicly announced, that such Lender is, or believes it will become, or that fails following inquiry from the Administrative Agent or the Swing Line Lender to provide reasonably satisfactory assurance that such Lender will not become, a Defaulting Lender or (b) with respect to which any Distress Event has occurred with respect to any Affiliate of such Lender of which the Lender is a direct or indirect Subsidiary, in each case for so long as the applicable Impact Period is in effect.

Section 8.17 No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Parent, the Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arrangers are arm’s-length commercial transactions between the Parent, the Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Arrangers, on the other hand, (B) each of the Parent, the Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Parent, the Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent and each Arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor any Arranger has any obligation to the Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and each Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Parent, the Borrower, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent nor any Arranger has any obligation to disclose any of such interests to the Parent, the Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Parent, the Borrower and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent or any Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 8.18 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the “ Maximum Rate ”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 8.19 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 8.19, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders or Impacted Lenders shall be limited by the bankruptcy code of the United States or any comparable bankruptcy, insolvency, receivership, reorganization or other debtor relief laws, as determined in good faith by the Administrative Agent or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or other representatives thereunto duly authorized, as of the date first above written.

BORROWER :

IVZ, INC.

By: _____
Name: _____
Title: _____

PARENT :

INVESCO LTD.

By: _____
Name: _____
Title: _____

ADMINISTRATIVE AGENT :

BANK OF AMERICA, N.A. , as Administrative Agent

By: _____

Name: _____

Title: _____

CREDIT AGREEMENT

Signature Page

LENDERS:

BANK OF AMERICA, N.A. , as a Lender

By: _____

Name: _____

Title: _____

CREDIT AGREEMENT
Signature Page

[CITIBANK]

By: _____
Name: _____
Title: _____

CREDIT AGREEMENT
Signature Page

Subsidiaries

	Company Name
1	1371 Preferred Inc.
2	A I M Capital Management Company Limited
3	AIM GP Canada Inc
4	AMVESCAP Limited
5	Anglo-Scottish Amalgamated Corporation 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	Berry Starquest Limited
12	C M Investment Nominees Limited
13	Chancellor Citiventure 96 Partner (Cayman) Ltd
14	City Merchants High Yield Trust plc
15	City Merchants High Yield Trust plc (In liquidation)
16	Coff Associates (Cayman) Limited
17	CPCO Associates (Cayman) Limited
18	Elliot Associates Limited
19	ELP Estates Limited
20	ELP Evesham Limited
21	ELP Properties Limited
22	ELP Residential Limited
23	ELP Sales Limited
24	ELP Trading Limited
25	Finemost Limited
26	Fund Management Company
27	GT Japan Investment Trust plc (In Liquidation)
28	Huaneng Capital Services Corporation Ltd.
29	Huaneng Invesco WLR Investment Consulting Company Ltd.
30	HVH Immobilien- und Beteiligungs GmbH
31	HVH USA, Inc.
32	IAS Asset I LLC
33	IAS Operating Partnership LP
34	IMC Investments I LLC
35	Invesco Perpetual UK Smaller Companies Investment Trust plc
36	INVESCO (B.V.I.) NOMINEES LIMITED
37	INVESCO (Cayman Islands) Ltd.
38	Invesco A I M Management Company Limited
39	Invesco Administration Services Limited
40	Invesco Advisers, Inc.
41	Invesco Aim Advisors, Inc. (Merged 12/31/2009)

42	Invesco Aim Capital Management, Inc. (Merged 12/31/2009)
43	Invesco Aim Distributors, Inc.
44	Invesco Aim Global Holdings, Inc.
45	Invesco Aim Insurance Agency, Inc.
46	Invesco Aim Investment Services, Inc.
47	Invesco Aim Management Group, Inc.
48	Invesco Aim Private Asset Management, Inc. (Merged 12/31/2009)
49	Invesco Aim Retirement Services, Inc.
50	Invesco Asia Real Estate Feeder Fund I, Ltd
51	Invesco Asia Trust plc
52	INVESCO Asset Management (Bermuda) Ltd
53	Invesco Asset Management (Japan) Limited
54	Invesco Asset Management (Schweiz) AG
55	Invesco Asset Management Asia Limited
56	Invesco Asset Management Australia (Holdings) Ltd
57	Invesco Asset Management Deutschland GmbH
58	INVESCO Asset Management Ireland Holdings Limited
59	INVESCO Asset Management Ireland Limited
60	Invesco Asset Management Limited
61	Invesco Asset Management Österreich GmbH
62	Invesco Asset Management Pacific Limited
63	Invesco Asset Management SA
64	Invesco Asset Management Singapore Ltd
65	Invesco Australia Limited
66	Invesco Canada Holdings Inc.
67	INVESCO CE SA
68	Invesco CE Services SA
69	INVESCO Continental Europe Holdings SA
70	INVESCO Continental Europe Service Centre SA
71	INVESCO Continental Smaller Companies Trust plc (In liquidation)
72	INVESCO Convertible Trust plc (In Liquidation)
73	INVESCO Distributors, Inc.
74	Invesco English and International Trust plc
75	Invesco Fund Managers Limited
76	INVESCO Funds Group, Inc.
77	INVESCO Geared Opportunities Trust plc (In Liquidation)
78	INVESCO Global Asset Management (Bermuda) Limited
79	Invesco Global Asset Management (N.A.), Inc.
80	INVESCO Global Asset Management Limited
81	Invesco Global Investment Funds Limited
82	Invesco Great Wall Fund Management Company Limited
83	Invesco Group Limited
84	Invesco Group Services, Inc.
85	Invesco GT Asset Management PLC
86	Invesco Holding Company Limited

87	INVESCO Holding Germany Ltd & Co OHG
88	INVESCO Holland B.V.
89	Invesco Hong Kong Limited
90	Invesco Hungary LLC
91	Invesco Inc.
92	Invesco Inc. (amalgamated Jan 1/09 with IVZ Callco Inc.)
93	Invesco Income Growth Trust plc
94	INVESCO International (Southern Africa) Limited
95	Invesco International Holdings Limited
96	INVESCO International Limited
97	INVESCO International Nominees Limited
98	Invesco Investments (Bermuda) Ltd.
99	INVESCO ITALIA Societa di gestione del risparmio - S.p.A. (in liquidation 1.6.06)
100	INVESCO Japan Discovery Trust plc
101	Invesco Kapitalanlagegesellschaft mbH
102	Invesco Leveraged High Yield Fund Limited
103	Invesco Ltd.
104	INVESCO Management GmbH
105	INVESCO Management S.A.
106	Invesco Mortgage Capital Inc.
107	INVESCO National Trust Company
108	Invesco North American Group Limited
109	Invesco North American Holdings, Inc.
110	Invesco Pacific Group Limited
111	Invesco Pacific Holdings Limited
112	INVESCO Pacific Partner Ltd
113	Invesco Pension Trustees Limited
114	Invesco Perpetual AiM VCT plc
115	Invesco Perpetual European Absolute Return Trust plc
116	Invesco Perpetual Life Limited
117	Invesco Perpetual Recovery Trust 2011 plc
118	Invesco Perpetual Select Trust Plc
119	INVESCO Polska Spolka z ograniczona odpowiedzialnoscia (INVESCO Polska Sp.z.o.o.)
120	INVESCO Powershares Capital Management Ireland Limited
121	Invesco PowerShares Capital Management LLC
122	INVESCO Private Capital Investments, Inc.
123	INVESCO Private Capital Verwaltung GMBH (in liquidation 25.4.07)
124	Invesco Private Capital, Inc.
125	Invesco Private Capital, Inc.
126	INVESCO Properties Limited
127	Invesco Property Income Trust Limited
128	INVESCO Real Estate Germany LLC
129	Invesco Real Estate Germany, L.P.
130	INVESCO Real Estate GmbH
131	Invesco Real Estate Limited

132	Invesco Real Estate Management S.a.r.l.
133	INVESCO Real Estate s.r.o.
134	Invesco Realty Asia I, Ltd
135	INVESCO Realty, Inc.
136	INVESCO Recovery Trust 2005 plc (In Liquidation)
137	Invesco Savings Scheme (Nominees) Limited
138	Invesco Senior Secured Management, Inc.
139	INVESCO Services Ltd OHG
140	Invesco Taiwan Limited
141	INVESCO Tokyo Trust plc (In Liquidation)
142	Invesco Trimark Dealer Inc./Courtage Invesco Trimark Inc.
143	Invesco Trimark Ltd./Invesco Trimark Ltée
144	Invesco UK Holdings PLC
145	Invesco UK Limited
146	Invesco WLR Limited
147	Invesco WLR Private Equity Investment Management Limited
148	Investment Fund Administrators Limited
149	IPE Ross Management Ltd
150	IRE (Cayman) Limited
151	IRE (China) Limited
152	IRE (Hong Kong) Limited
153	IRE Japan, Ltd
154	IST 123 LTD
155	IVZ Callco Inc. (amalgamated with Invesco Inc. Jan 1/09) (continued into Canada Dec 21, 2006 and continued back into Nova Scotia Dec 27, 2006)
156	IVZ Finance Limited
157	IVZ Immobilien Verwaltungs GmbH
158	IVZ, Inc.
159	James Bryant Limited
160	Jermyn Investment Co Ltd
161	Jermyn Investment Company Holdings Limited
162	Jermyn Investment Properties Limited
163	Keystone Investment Trust plc
164	PCM Properties LLC
165	Perpetual Holdings, Inc.
166	Perpetual Income and Growth Investment Trust plc
167	Perpetual Japanese Investment Trust plc
168	Perpetual plc
169	Perpetual Portfolio Management Limited
170	Perpetual Unit Trust Management (Nominees) Limited
171	POCZTYLION — ARKA POWSZECHNE TOWARZYSTWO EMERYTALNE SPOLKA AKCYJNA
172	R&H Fund Services (Jersey) Ltd
173	Real Estate Opportunities Limited
174	Ross CG Management LP
175	Ross Expansion Associates LP
176	Sermon Lane Nominees Limited

177	Sovereign G/P. Holdings Inc
178	Stein Roe Investment Counsel, Inc.
179	Taiyo Fund Management Co. LLC
180	The Cayenne Trust plc
181	The Edinburgh Investment Trust plc
182	V.V. Edinburgh R.W. G.P. Limited (in liquidation)
183	V.V. Epsom G.P. Limited (in liquidation)
184	V.V. General Partner Limited (in liquidation)
185	V.V. Glasgow (No.1) G.P. Limited (in liquidation)
186	V.V. Milton Keynes G.P. Limited (in liquidation)
187	V.V. Nominees Limited (in liquidation)
188	V.V. Northampton (No.2) G.P. Limited (in liquidation)
189	V.V. Northampton G.P. Limited (in liquidation)
190	V.V. Reading G.P. Limited (in liquidation)
191	V.V. Real Property G.P. Limited (in liquidation)
192	V.V. Real Property Nominees Limited (in liquidation)
193	V.V. Redhill G.P. Limited (in liquidation)
194	V.V. Slough G.P. Limited (in liquidation)
195	V.V. Soho G.P. Limited (in liquidation)
196	V.V. Stockton G.P. Limited (in liquidation)
197	V.V. Watford G.P. Limited (in liquidation)
198	VV CR 1s.r.o.
199	VV Hungaria 1Kft.
200	VV Immobilien Verwaltungs GmbH
201	VV Immobilien Verwaltungs und Beteiligungs GmbH
202	VV Poland 1 sp.z.o.o.
203	VV USA LLC
204	W.L. Ross & Co, LLC
205	W.L. Ross & Co. (India) LLC
206	W.L. Ross M & T, LLC
207	W.L.Ross & Co., LLC
208	WL Ross (India) Private Limited
209	WL Ross DIP Management LLC
210	WLR China Energy Associates Ltd
211	WLR Euro Wagon Management Ltd

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Invesco Ltd. of our report dated February 26, 2010, with respect to the consolidated financial statements of Invesco Ltd., included in this Annual Report (Form 10-K) to Shareholders of Invesco Ltd.

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-159312) of Invesco Ltd.,
- (2) Registration Statement (Form S-8 No. 333-162864) pertaining to the No. 3 Executive Share Option Scheme, 2000 Share Option Plan, International Sharesave Plan, 1997 Sharesave Scheme, Irish Sharesave Plan, 2003 Share Option Plan (Canada), Perpetual Unapproved Share Option Scheme, and Trimark Executive Stock Option Plan of Invesco Ltd.,
- (3) Registration Statement (Form S-8 No. 333-103609) pertaining to the Global Stock Plan, No. 3 Executive Share Option Scheme, and International Sharesave Plan of Invesco Ltd.,
- (4) Registration Statement (Form S-8 No. 333-98037) pertaining to the AMVESCAP Sharesave Plan of Invesco Ltd.,
- (5) Registration Statement (Form S-8 No. 333-10602) pertaining to the AMVESCAP Global Stock Plan, the Executive Share Option Scheme, the AIM Option Plans and the AMVESCAP Sharesave Plan of Invesco Ltd.,
- (6) Registration Statement (Form S-8 No. 333-8962) pertaining to the AMVESCAP Global Stock Plan, Executive Share Option Scheme and the AIM Option Plans of Invesco Ltd., and
- (7) Registration Statement (Form S-8 No. 333-150970) pertaining to the Invesco Ltd. 2008 Global Equity Incentive Plan.;

of our reports dated February 26, 2010, 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) of Invesco Ltd. for the year ended December 31, 2009.

/s/ Ernst & Young LLP

Atlanta, GA
February 26, 2010

**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 26, 2010

/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 26, 2010

/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, 2009 (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 26, 2010

/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, 2009 (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 26, 2010

/s/ LOREN M. STARR

Loren M. Starr
Senior Managing Director and Chief Financial Officer