

INVESCO LTD.

FORM 20-F

(Annual and Transition Report (foreign private issuer))

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Sector	Financial
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United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 20-F

- (Mark One)
- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- For the fiscal year ended December 31, 2005
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-13908

AMVESCAP PLC
(Exact name of Registrant as specified in its charter)

England and Wales
(Jurisdiction of incorporation or organization)

1360 Peachtree Street N.E., Atlanta, Georgia 30309
(Address of principal executive offices)

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

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing two (2) Ordinary Shares of U.S.\$0.10 par value per share	New York Stock Exchange
Ordinary Shares of U.S.\$0.10 par value per share	New York Stock Exchange ¹

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

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None.

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report.

Class	Outstanding at December 31, 2005
Ordinary Shares ²	818,106,901

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934. 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which financial statement item the registrant has elected to follow. ☒ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

¹ Listed not for trading but only in connection with the listing of American Depositary Shares pursuant to requirements of the Securities and Exchange Commission. The Ordinary Shares’ primary trading market is the London Stock Exchange.

² Includes Ordinary Shares represented by outstanding American Depositary Shares.

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Cautionary Statements Concerning Forward-Looking Statements

We believe it is important to communicate certain of our future expectations to our shareholders and to the public. This report includes, and 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 federal securities laws. These statements are based on the beliefs and assumptions of our management and on information available to our management at the time such statements were made. Forward-looking statements include information concerning possible or assumed future results of our operations, earnings, liquidity, cash flow and capital expenditures, industry or market conditions, assets under management, acquisition activities and the effect of completed acquisitions, debt levels and the ability to obtain additional financing or make payments on our debt, regulatory developments, demand for and pricing of our products and other aspects of our business or general economic conditions. In addition, when used in this report, the documents incorporated by reference herein or such other documents or statements, words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “may,” “could,” “should,” “would” or similar expressions, are intended to identify forward-looking statements.

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

The following important factors, and other important factors described elsewhere or incorporated by reference in this report or in our other filings with the Securities and Exchange Commission (the “SEC”), among others, could cause our results to differ materially from any results that we may project, forecast or estimate in any such forward-looking statements: (1) variations in demand for our investment products or services, including termination or non-renewal of our investment advisory agreements; (2) significant changes in net cash flows into or out of our business or declines in market value of the assets in, or redemptions or other withdrawals from, the accounts we manage; (3) significant fluctuations in the performance of debt and equity markets worldwide; (4) the effect of political or social instability in the countries in which we invest or do business; (5) the effect of terrorist attacks in the countries in which we invest or do business and the escalation of hostilities that could result therefrom; (6) enactment of adverse state, federal or foreign legislation or changes in government policy or regulation (including accounting standards) affecting our operations or the way in which our profits are taxed; (7) war and other hostilities in or involving countries in which we invest or do business; (8) adverse results in litigation, including private civil litigation related to market timing, mutual fund fees and mutual fund sales practices, the subject matter of our 2004 SEC and other civil enforcement proceedings, and any similar potential regulatory or other proceedings; (9) exchange rate fluctuations, especially as against the U.S. dollar; (10) the effect of economic conditions and interest rates in the U.K., U.S. or globally; (11) our ability to compete in the investment management business; (12) the effect of consolidation in the investment management business; (13) limitations or restrictions on access to distribution channels for our products; (14) our ability to attract and retain key personnel, including investment management professionals; (15) the investment performance of our investment products and our ability to retain our accounts; (16) 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; (17) changes in regulatory capital requirements; (18) our substantial debt and the limitations imposed by our credit facility; (19) the effect of failures or delays in support systems or customer service functions, and other interruptions of our operations; (20) the occurrence of breaches and errors in the conduct of our business; and (21) the execution risk inherent in our current company-wide transformational initiatives. 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 as well as other factors may also cause actual results to differ materially from those projected. For more discussion of the risks affecting us, please refer to “Item 5. Operating and Financial Review and Prospects – Risk Factors” below.

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. Except for our ongoing obligations to disclose material information under applicable securities laws, we undertake no obligation to release publicly any revisions to forward-looking statements, to report events or to report the occurrence of unanticipated events unless required by law. Section 27A of the Securities Act and Section 21E of the Exchange Act of 1934 provide a “safe harbor” for certain forward-looking statements.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected consolidated financial information of AMVESCAP as of and for each of the five fiscal years in the period ended December 31, 2005. The financial statement information as of and for each of the years in the five-year period ended December 31, 2005 has been derived from our audited Consolidated Financial Statements. The Consolidated Financial Statements for the years ended December 31, 2005 and 2004, are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and the Companies Act 1985, as amended (the “Companies Act”), which differ in certain respects from U.S. generally accepted accounting principles (“U.S. GAAP”). Previously, the company followed generally accepted accounting practice in the United Kingdom (“U.K. GAAP”), which also differ in certain significant respects from U.S. GAAP, and accordingly the selected financial data for the years ended December 31, 2003, 2002, and 2001 presented below has been derived from U.K. GAAP Consolidated Financial Statements, which are not comparable to the information prepared in accordance with IFRS. The disclosures and reconciliations from U.K. GAAP to IFRS required by IFRS 1, “First-time Adoption of International Financial Reporting Standards,” concerning the January 1, 2004, transition from U.K. GAAP to IFRS are given in Note 2 to the Consolidated Financial Statements, included elsewhere herein. For a discussion of the principal differences and reconciliations between IFRS and U.S. GAAP, see “Item 5. Operating and Financial Review and Prospects” and Note 30 to the Consolidated Financial Statements, included elsewhere herein. The selected consolidated financial information should be read together with the Consolidated Financial Statements and related notes beginning on page F-1 of this Form 20-F and “Item 5. Operating and Financial Review and Prospects,” included elsewhere herein.

The company has changed its presentation currency from pounds sterling to U.S. dollars effective December 8, 2005. The comparative figures have been presented in U.S. dollars applying the exchange rates outlined in Note 29 to the Consolidated Financial Statements, included elsewhere herein, for the years 2005 and 2004. For the foreign exchange rates used in the presentation of the years 2003, 2002, and 2001, see footnote 5 to this Item 3 below. We publish our Consolidated Financial Statements in U.S. dollars. References in this annual report to “U.S. dollars,” “\$” or “cents” are to United States currency and references to “pounds sterling,” “£,” “pence” or “p” are to United Kingdom currency. A discussion of the effects of currency translations and fluctuations on our results is contained in “Item 5. Operating and Financial Review and Prospects,” included elsewhere herein.

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	Year Ended December 31 ⁽¹⁾	
	2005	2004
	(in thousands, except per share data)	
Amounts in accordance with IFRS:		
Profit and loss data:		
Total Revenues	\$ 2,879,218	\$ 2,757,491
Third-party distribution, service and advisory fees	(705,981)	(633,030)
Net Revenues	2,173,237	2,124,461
Operating profit	424,559	87,325
Operating profit before restructuring charge (2005) and U.S. regulatory settlement (2004) ⁽²⁾	500,249	500,536
Profit before taxation	360,078	39,029
Profit/(loss) after taxation	213,388	(35,659)
Earnings per share:		
– basic	\$ 0.27	\$ (0.05)
– diluted	\$ 0.26	\$ (0.05)
Earnings per share before restructuring charge (2005) and U.S. regulatory settlement (2004) ⁽²⁾ :		
– basic and diluted	\$ 0.34	\$ 0.35
Balance sheet data:		
Net current assets	\$ 182,852	\$ 23,023
Goodwill	4,213,648	4,317,391
Total assets	7,577,628	7,419,631
Current maturities of debt	10,045	79,476
Long-term debt — recourse	1,212,191	1,302,168
Capital and reserves	3,616,303	3,542,967
Other data:		
Cash provided by operations	\$ 469,109	\$ 205,399
EBITDA ⁽⁴⁾	666,784	649,408
Total dividends	134,118	135,681
Dividends per share (pence) ⁽⁶⁾	9.5p	7.5p

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	Year Ended December 31 ^(1, 5)		
	2003	2002	2001
	(in thousands, except per share data)		
Amounts in accordance with U.K. GAAP:			
Profit and Loss Data:			
Total Revenues	\$2,342,038	\$2,408,467	\$2,765,868
Third-party distribution, service and advisory fees	(440,942)	(394,464)	(441,377)
Net Revenues	1,901,096	2,014,003	2,324,491
Operating profit	124,000	215,221	467,343
Operating profit before goodwill amortization and exceptional items ⁽³⁾	512,265	548,894	750,576
Profit before taxation	57,695	145,522	402,180
(Loss)/profit after taxation	(29,684)	18,804	221,925
Earnings per share:			
– basic	\$ (0.04)	\$ 0.02	\$ 0.28
– diluted	\$ (0.04)	\$ 0.02	\$ 0.27
Earnings per share before goodwill amortization and exceptional items ⁽³⁾ :			
– basic	\$ 0.39	\$ 0.41	\$ 0.59
– diluted	\$ 0.38	\$ 0.41	\$ 0.57
Balance sheet data:			
Net current assets	\$ 404,471	\$ 26,367	\$ 239,653
Goodwill	4,262,862	4,069,978	3,908,456
Total assets	6,986,772	6,399,354	6,310,269
Current maturities of debt	—	355,542	182,413
Long-term debt — recourse	1,290,347	953,496	1,223,960
Capital and reserves	3,650,225	3,399,572	3,168,144
Other data:			
Cash provided by operations	\$ 558,801	\$ 669,284	\$ 776,823
EBITDA ⁽⁴⁾	636,220	648,444	865,463
Total dividends	161,393	145,385	127,385
Dividends per share (pence) ⁽⁶⁾	11.5p	11.5p	11.0p

	Year Ended December 31 ^(1, 5)				
	2005	2004	2003	2002	2001
	(in thousands, except per share data, assets under management and headcount)				
Amounts in accordance with U.S. GAAP:					
Profit and Loss Data:					
Net income/(loss)	\$ 223,571	\$ (85,894)	\$ 229,581	\$ 242,799	\$ 114,716
Earnings per share:					
– basic	\$ 0.28	\$ (0.11)	\$ 0.29	\$ 0.30	\$ 0.14
– diluted	\$ 0.28	\$ (0.11)	\$ 0.28	\$ 0.30	\$ 0.14
Balance Sheet Data:					
Goodwill	\$6,105,364	\$6,265,861	\$6,156,775	\$5,680,749	\$5,287,974
Total assets	5,498,894	5,506,231	9,188,490	8,393,914	8,132,202
Long-term debt — recourse	1,212,191	1,302,168	1,290,347	953,496	1,223,960
Long-term debt — non-recourse	—	—	180,303	308,573	433,943
Capital and reserves	5,514,108	5,519,690	5,717,330	5,139,510	4,513,679
Other Data:					
EBITDA ⁽⁴⁾	\$ 669,311	\$ 572,237	\$ 579,279	\$ 619,146	\$ 867,706

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Other Information:

Assets under management (\$ billions)

Headcount at December 31 (units)

Year Ended December 31				
2005	2004	2003	2002	2001
386.3	382.1	370.6	332.6	397.9
5,798	6,693	6,747	7,581	8,519

- (1) Includes financial data attributable to acquired businesses from the respective dates of purchase and gives effect to businesses disposed of from the respective dates of disposition. See “Item 5. Operating and Financial Review and Prospects,” included elsewhere herein.
- (2) We believe operating profit before the restructuring charge (2005) and the U.S. regulatory settlement (2004) is a more appropriate income amount for presentation, and profit after taxation before the restructuring charge (2005) and the U.S. regulatory settlement (2004) is a more appropriate income amount for the calculation of earnings per share, since they both represent a more consistent measure of our year-by-year performance. These measures should be evaluated in the context of our IFRS results. See Note 4 to our Consolidated Financial Statements for a discussion of the restructuring charge and the U.S. regulatory settlement charge that have been eliminated from our operating profit for the years ended December 31, 2005 and 2004. Reconciliations of operating profit to operating profit before the restructuring charge (2005) and the U.S. regulatory settlement (2004) are presented below. Reconciliations of earnings per share to earnings per share before the restructuring charge (2005) and the U.S. regulatory settlement (2004) are presented below.
- (3) We believe that when presenting U.K. GAAP results, operating profit before goodwill amortization and exceptional items is a more appropriate income amount for presentation, and profit after taxation before goodwill amortization and exceptional items is a more appropriate income amount for the calculation of earnings per share, since they both represent a more consistent measure of our year-by-year performance. These measures should be evaluated in the context of our U.K. GAAP results. See Note 4 to our Consolidated Financial Statements for additional discussion related to exceptional items. Reconciliations of operating profit to operating profit before goodwill amortization and exceptional items (2003, 2002, and 2001) are presented below. Reconciliations of earnings per share to earnings per share before goodwill amortization and exceptional items (2003, 2002, and 2001) are presented below.
- (4) EBITDA, as defined in our credit facility, consists of earnings before interest, taxes, depreciation, amortization, exceptional items and certain non-cash and other items. We use EBITDA as a measure of liquidity. EBITDA is presented because we believe that EBITDA may be useful to investors as an indicator of funds available to us, which may be used to pay dividends, to service debt, to make capital expenditures and for working capital purposes. In addition, EBITDA is the basis for the calculation of certain financial covenants in our credit facility. EBITDA should not be construed as an alternative to operating profit (as determined in accordance with IFRS, U.K. GAAP or U.S. GAAP), as an indicator of our operating performance, as cash flows from operating activities (as determined in accordance with IFRS, U.K. GAAP or U.S. GAAP), as a measure of liquidity, or as any other measure of operating performance determined in accordance with IFRS, U.K. GAAP or U.S. GAAP. Our calculation of EBITDA may not be comparable to similarly titled measures presented by other companies. Reconciliations of profit before taxation to U.K. GAAP based EBITDA, of U.K. GAAP-based EBITDA to U.S. GAAP-based EBITDA, and of profit before taxation to profit before taxation and the restructuring charge (2005), the U.S. regulatory settlement (2004), and goodwill amortization and exceptional items (2003, 2002, and 2001) are presented below.
- (5) In presenting the financial information for the years 2003, 2002 and 2001, the period-end prevailing U.S. dollar exchange rates were used to translate the balance sheet selected financial data, and the average prevailing U.S. dollar exchange rates for the applicable periods were used to translate the profit and loss selected financial data, as presented below:
 - 2003 – period-end: .57, average: .61
 - 2002 – period-end: .62, average: .67
 - 2001 – period-end: .69, average: .70
- (6) Dividends have been declared and paid in pounds sterling; however, beginning in the second half of 2006, future dividends will be declared in U.S. dollars. See “—Dividends” below for additional details.

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Reconciliation between earnings per share before the restructuring charge (2005) and the U.S. regulatory settlement (2004) and earnings per share:

	Year Ended December 31, ⁽¹⁾	
	2005	2004
	(in thousands, except per share data)	
Basic earnings per share	\$ 0.27	\$ (0.05)
Diluted earnings per share	\$ 0.26	\$ (0.05)
Profit/(loss) after taxation	\$ 213,388	\$ (35,659)
Minority interests	(1,148)	(536)
Restructuring charge ⁽²⁾	75,690	—
U.S. regulatory settlement ⁽²⁾	—	413,211
Restructuring charge (2005) and U.S. regulatory settlement (2004) ⁽²⁾ – tax benefit	(17,439)	(95,038)
Profit after taxation before the restructuring charge (2005) and U.S. regulatory settlement (2004) ⁽²⁾	\$ 270,491	\$ 281,978
Weighted average number of shares		
Basic	793,958	802,160
Diluted	805,063	806,687
Basic and diluted earnings per share before restructuring charge (2005) and U.S. regulatory settlement (2004) ⁽²⁾ :	\$ 0.34	\$ 0.35

Reconciliation between earnings per share before goodwill amortization and exceptional items and earnings per share:

	Year Ended December 31, ⁽¹⁾		
	2003	2002	2001
	(in thousands, except per share data)		
Basic earnings per share	\$ (0.04)	\$ 0.02	\$ 0.28
Diluted earnings per share	\$ (0.04)	\$ 0.02	\$ 0.27
(Loss)/profit after taxation	\$ (29,684)	\$ 18,804	\$ 221,925
Goodwill amortization	244,336	224,949	197,296
Exceptional items	143,929	108,724	85,937
Exceptional items – tax benefit	(49,209)	(20,147)	(29,516)
Profit after taxation before goodwill amortization and exceptional items:	\$309,372	\$332,330	\$475,642
Weighted average number of shares			
Basic	802,885	810,042	805,061
Diluted	810,371	819,518	829,983
Basic earnings per share before goodwill amortization and exceptional items:	\$ 0.39	\$ 0.41	\$ 0.59
Diluted earnings per share before goodwill amortization and exceptional items:	\$ 0.38	\$ 0.41	\$ 0.57

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Reconciliation between IFRS-based EBITDA and profit before taxation:

	Year Ended December 31, ⁽¹⁾	
	2005 ⁽²⁾	2004
	(in thousands)	
Profit before taxation	\$ 360,078	\$ 39,029
Minority interests	(1,148)	(536)
Depreciation and amortization	77,906	92,522
Goodwill impairment	16,556	—
Restructuring charge ⁽²⁾	75,690	—
U.S. regulatory settlement ⁽²⁾	—	413,211
Share-based payment expense	52,560	24,011
Interest expense	85,142	81,171
EBITDA based on IFRS	<u>\$ 666,784</u>	<u>\$ 649,408</u>

Reconciliation between U.K. GAAP-based EBITDA and profit before taxation:

	Year Ended December 31, ⁽¹⁾		
	2003	2002	2001
	(in thousands)		
Profit before taxation	\$ 57,695	\$145,522	\$402,180
Goodwill amortization	244,336	224,949	197,296
Depreciation	83,488	90,400	99,895
Exceptional items	143,929	108,724	85,937
Share-based payment expense	27,704	—	—
Interest expense	79,068	78,849	80,155
EBITDA based on U.K. GAAP	<u>\$636,220</u>	<u>\$648,444</u>	<u>\$865,463</u>

Reconciliation between IFRS – based EBITDA and U.S. GAAP – based EBITDA:

	Year Ended December 31, ⁽¹⁾	
	2005	2004
	(in thousands)	
EBITDA based on IFRS	\$ 666,784	\$ 649,408
Restructuring charge ⁽²⁾	7,527	—
U.S. regulatory settlement ⁽²⁾	—	(69,361)
Other	(5,000)	(7,810)
EBITDA based on U.S. GAAP	<u>\$ 669,311</u>	<u>\$ 572,237</u>

Reconciliation between U.K. GAAP – based EBITDA and U.S. GAAP – based EBITDA:

	Year Ended December 31, ⁽¹⁾		
	2003	2002	2001
	(in thousands)		
EBITDA based on U.K. GAAP	\$636,220	\$648,444	\$865,463
Redundancy and reorganizations	(49,640)	(17,942)	—
Other	(7,301)	(11,356)	2,243
EBITDA based on U.S. GAAP	<u>\$579,279</u>	<u>\$619,146</u>	<u>\$867,706</u>

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Reconciliation between operating profit before the restructuring charge (2005) and the U.S. regulatory settlement (2004) and operating profit:

	Year Ended December 31, ⁽¹⁾	
	2005 ⁽²⁾	2004
	(in thousands)	
Operating profit	\$ 424,559	\$ 87,325
Restructuring charge ⁽²⁾	75,690	—
U.S. regulatory settlement ⁽²⁾	—	413,211
Operating profit before the restructuring charge (2005) and the U.S. regulatory settlement (2004)	<u>\$ 500,249</u>	<u>\$ 500,536</u>

Reconciliation between operating profit before goodwill amortization and exceptional items and operating profit:

	Year Ended December 31, ⁽¹⁾		
	2003	2002	2001
	(in thousands)		
Operating profit	\$124,000	\$215,221	\$467,343
Goodwill amortization	244,336	224,949	197,296
Exceptional items	143,929	108,724	85,937
Operating profit before goodwill amortization and exceptional items	<u>\$512,265</u>	<u>\$548,894</u>	<u>\$750,576</u>

Dividends

Our practice has been to pay an interim dividend and a final dividend in respect of each fiscal year. The interim dividend is generally payable in October of each year by resolution of our Board of Directors, and the final dividend is payable after approval of such dividend by our shareholders at the Annual General Meeting in the year following the fiscal year to which it relates. The declaration, payment and amount of any future dividends will be recommended 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. See “Item 10. Additional Information,” included elsewhere herein, for further discussion of our dividend policy and taxes applicable to dividends. See “Item 5. Operating and Financial Review and Prospects,” included elsewhere herein, for a discussion of restrictions on our ability to declare dividends.

Cash dividends on Ordinary Shares have been declared in pounds sterling but the payment date was subsequent to the declaration date. Therefore, holders of our American Depositary Shares were exposed to currency fluctuations from the date of declaration of the dividend to the date when the pounds sterling are converted to U.S. dollars by the Depositary for distribution to holders of American Depositary Shares. Future dividends will be declared in U.S. dollars. The final dividend is declared at the company’s Annual General Meeting of shareholders and paid at a subsequent date. Therefore, holders of our Ordinary Shares will be exposed to currency fluctuations from the date of declaration of the dividend to the date when U.S. dollars are converted to pounds sterling for distribution to holders of Ordinary Shares. Interim dividends are declared upon Board approval and recorded when paid. Additionally, currency fluctuations will affect the U.S. dollar equivalent of the pounds sterling price of our Ordinary Shares on the London Stock Exchange and, as a result, are likely to affect the market price of the American Depositary Shares on the New York Stock Exchange (“NYSE”).

The following table sets forth the interim, final and total dividends paid per Ordinary Share in respect of each year indicated and translated into U.S. cents per American Depositary Share:

Year Ended December 31,	Pence per Ordinary Share			U.S. Cents per American Depositary Share ⁽¹⁾		
	Interim	Final	Total	Interim	Final	Total
2001	4.50	6.50	11.00	13.32	19.01	32.33
2002	5.00	6.50	11.50	15.69	20.83	36.52
2003	5.00	6.50	11.50	16.63	23.31	39.94
2004	2.50	5.00	7.50	9.02	19.00	28.02
2005	4.00	5.50	9.50	14.02	20.33	34.35

(1) Based on Noon Buying Rates in effect at the respective payment dates.

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B. Capitalization and Indebtedness

Not applicable for an annual report on Form 20-F.

C. Reasons for the offer and use of proceeds

Not applicable for an annual report on Form 20-F.

D. Risk Factors

See the risk factors set forth in “Item 5. Operating and Financial Review and Prospects.”

Item 4. Information on the Company

A. History and Development of AMVESCAP PLC

AMVESCAP PLC was incorporated on December 19, 1935, under the laws of England and Wales, where it is also domiciled. Our registered office is located at 30 Finsbury Square, London, EC2A 1AG, United Kingdom, and our principal executive offices are in leased office space at 1360 Peachtree Street N.E., Atlanta, Georgia, U.S.A., where our telephone number is +1-404-479-1095. We are a public limited company under the U.K. Companies Act, and our shares are listed on the London Stock Exchange, the New York Stock Exchange and the Toronto Stock Exchange. We have a Web site on the Internet at <http://www.amvescap.com>. Information contained in our Web site shall not be deemed to be part of or to be incorporated into this Form 20-F.

Historically, AMVESCAP has operated as a collection of diverse business units. Since January 1, 2003, these business units have been aligned under our AIM and INVESCO brands. The AIM division has included our AIM Investments (“AIM Investments” or “AIM U.S.”) business unit in the U.S. and our AIM Trimark Investments (“AIM Trimark” or “AIM Canada”) business unit in Canada. The INVESCO division has included business units in North America, the United Kingdom (through the Invesco Perpetual brand), Continental Europe and Asia Pacific, as well as our real estate and private equity businesses in the U.S. We also provide wealth management services to high net worth individuals under the Atlantic Trust brand.

On August 1, 2005, the company appointed Martin L. Flanagan as chief executive officer. Under Mr. Flanagan’s leadership, the company has developed a comprehensive 2006 operating plan designed to strengthen the business, build renewed momentum and identify the most promising opportunities for future growth. We plan to accomplish these goals by better leveraging the capabilities of our diverse business units, which have historically operated on a somewhat independent basis.

Our aspiration is to become a premier global investment management organization. To accomplish this, the company is focusing the organization on four key strategic drivers that will shape our long-term success:

- Achieving strong investment performance over the long term. Our success depends on our ability to deliver enduring investment solutions for our clients.
- Seeking to maximize our ability to deliver AMVESCAP products anywhere in the world to our clients.
- Unlocking the power of our global operating platform to act as a single firm by simplifying our processes and procedures and integrating the support structure of our business globally.
- Continuing to build a high-performance organization by fostering greater transparency and accountability across our company in order to help ensure that we are meeting or exceeding, the expectations of our shareholders.

The comprehensive operating plan is designed to leverage AMVESCAP’s core strengths – our people, our focus on investment excellence, our diversification across asset classes, clients and channels, and our global presence.

AMVESCAP is currently working on further aligning our business units into a more integrated global investment management organization. The review of our operations did not commence until late 2005, and we are now evolving toward greater business alignment in 2006. Therefore, we have presented this discussion of our business in the historical business unit format reflecting the way we operated in 2005. This is also consistent with our business segmentation discussed in Note 5 to our Consolidated Financial Statements. In future disclosures, however, we expect to present the business under a single operating segment, asset management, and will no longer segregate the business into the historical business divisions that are presented below.

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On July 15, 2005, we completed the sale of our AMVESCAP Retirement business. On January 23, 2006, AMVESCAP announced that it had signed a definitive agreement to acquire PowerShares Capital Management LLC (“PowerShares”). We expect to consummate this transaction in the third quarter of 2006. (See Note 3 to our Consolidated Financial Statements for additional information.)

During the fiscal years ended December 31, 2005, 2004 and 2003, our capital expenditures were \$38.2 million, \$51.6 million and \$61.7 million, respectively. These 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 was related to leasehold improvements made to the various buildings and workspaces used in our offices. We capitalized certain costs associated with our move in the U.K. to the Global Fund Administration System (GFAS). Since December 31, 2003, our capital projects have included continuing technological enhancements to computer hardware and software. (See Note 5 to our Consolidated Financial Statements for information on the geographic distribution of these investments.) These projects have been funded with proceeds from our operating cash flows. During the fiscal years ended December 31, 2005, 2004 and 2003, our capital divestitures were not significant relative to our total fixed assets.

B. Business Overview

We are one of the world’s largest independent investment management groups, with \$414.6 billion of assets under management at May 31, 2006. We provide our clients with a broad array of investment management products on a domestic, international and global investment basis. We have a significant presence in the institutional and retail segments of the investment management industry in North America, Europe and Asia.

We operate through various subsidiaries and divisions around the world on a global basis. We are committed to maintaining distinct investment management centers of excellence wherever they may be located and believe that our local investment managers provide us with a competitive advantage. In addition, we offer multiple investment styles within various investment objectives and asset classes of the products we offer. Our products include equity, balanced, fixed income, money market and real estate investment portfolios. Approximately 46% of our assets under management as of December 31, 2005 were invested in equities, and approximately 54% were invested in fixed income and other securities.

We use several methods to distribute our products to retail and institutional clients in each of our markets. In North America, we offer load mutual funds, separate account management and “wrap” or managed accounts. Managed accounts offer individuals and smaller institutions comprehensive investment management services under a single fee structure covering substantially all charges, including investment management, brokerage, custody, record keeping and reporting. Outside of North America, we offer unit trusts and other European and Asian mutual funds, as well as separate account management for retail and institutional investors. Our retail and institutional clients are located in more than 100 countries.

Our business units work together to provide products and services to our clients. A variety of advisory and sub-advisory arrangements allow our business units to provide their clients access to specific areas of investment management expertise found in multiple locations within our company. We believe that our ability to develop and distribute products across businesses via multiple delivery channels allows us to offer our clients a broader range of high-quality products and services than most of our competitors.

Historically, we have been organized into four operating groups: AIM, INVESCO, Private Wealth Management (“PWM”) and AMVESCAP Retirement. The AIM division has included AIM U.S. and AIM Canada. The INVESCO division has included business units in North America, the United Kingdom, Continental Europe and Asia Pacific, as well as an Alternative Investments business unit that includes our real estate and private equity businesses. On July 15, 2005, we sold substantially all of the assets of the AMVESCAP Retirement business other than its U.S. national trust bank subsidiary.

AIM

manages, distributes and administers (i) the AIM Investments family of retail mutual funds in the United States, and (ii) the AIM Trimark family of retail mutual funds in Canada, and provides services through managed accounts. On January 23, 2006, we announced that we had signed a definitive agreement to acquire PowerShares, a leading provider of exchange-traded funds.

INVESCO

manages portfolios for institutional investors in North America and institutional and retail investors outside of North America (primarily in the U.K. under the Invesco Perpetual brand, and in Europe and Asia under the INVESCO brand), and provides services through managed accounts;

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Private Wealth Management	provides wealth management services to high net worth individuals and their families as well as asset management services to foundations and endowments in the United States under the Atlantic Trust brand; and
AMVESCAP Retirement	provided administrative and related services to defined contribution plans, such as 401(k) plans, and related retirement products. On July 15, 2005, we sold substantially all of the assets of the AMVESCAP Retirement business other than its U.S. national trust bank subsidiary. See Note 3 to our Consolidated Financial Statements for additional information related to the sale of this business.

See Note 5 to our Consolidated Financial Statements, included elsewhere herein, for a business unit and geographical analysis of our total revenues for the fiscal years ended December 31, 2005 and 2004.

Operating Groups

AIM

Our AIM operating group manages, distributes and administers mutual funds and related products sold to retail and institutional investors within North America that are marketed under the AIM Investments and AIM Trimark brands.

The AIM operating group has consisted of two business units: (i) AIM Investments and (ii) AIM Trimark. These business units offer mutual funds invested in the U.S. and international markets, including funds that target particular market sectors. Each of the two business units of the AIM operating group offers equity, balanced, fixed income and money market funds. The investment strategies used by the business units of the AIM operating group range from aggressive growth to capital appreciation to a combination of growth and income to fixed income. Mutual funds managed by AIM Investments and AIM Trimark are primarily distributed through financial intermediaries. Some of the funds advised by AIM Investments and AIM Trimark are sub-advised by our other business units that have expertise in the specific securities or markets in which such funds are invested.

AIM Investments

AIM Investments is the largest business unit in the AIM operating group. AIM Investments is a diversified investment manager, offering a variety of equity, institutional money market and long-term fixed income products. Its primary products are its AIM-branded retail equity and long-term fixed income mutual funds and institutional money market mutual funds. The funds are sold primarily through a variety of financial intermediaries. AIM Investments also provides advisory services to mutual funds managed by companies unaffiliated with us. In addition to sales of funds through financial intermediaries as part of its retail channel, AIM Investments offers funds to pension plans and to insurance companies that use AIM's funds as investment options under their own separate accounts. Similarly, AIM Investments sub-advises funds sponsored by third parties, typically for use as investment options under insurance company separate accounts. Customers of AIM Investments' institutional money market funds included 17 of the 20 largest U.S. banks and 19 of the Fortune 50 U.S. companies as of December 31, 2005. AIM Investments also has developed a managed account business, which tailors individual, privately managed portfolios to clients' investment needs, and provides retirement products and state-sponsored college savings plans.

On January 23, 2006, AIM announced that it had signed a definitive agreement to acquire PowerShares, which we expect to consummate in the third quarter of 2006. PowerShares is a leading provider of exchange-traded funds (ETFs), which will complement AIM's fund lineup and will expand the breadth of products we offer our clients through AIM Investments.

AIM Trimark

AIM Trimark investment managers employ a bottom-up stock selection approach. The managers consider themselves "business people buying businesses." The managers evaluate potential portfolio company management, the competitive position of such company within its industry and any proprietary advantage the company possesses. AIM Trimark also provides advisory services to mutual funds managed by companies unaffiliated with us. In addition to sales of funds through financial intermediaries as part of its retail channel, AIM Trimark offers funds to pension plans, insurance companies that use its funds in separate accounts, and banks and other financial institutions that use its funds as part of fund-of-funds offerings.

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AIM Investments also provides sub-advisory services to certain AIM Trimark funds and to mutual funds managed by our other business units, and AIM Trimark provides sub-advisory services to a mutual fund managed by another of our business units.

INVESCO

Our INVESCO operating group manages portfolios of equity, balanced, fixed income, structured equity, real estate and private capital investments for institutional and retail clients throughout the world. INVESCO offers its investment products to institutions and third-party intermediaries by way of separately managed accounts, collective trust funds, managed accounts (wrap), and mutual funds.

INVESCO manages portfolios for a number of different types of institutional clients in North America, including:

- corporate pension plans;
- public and municipal pension plans;
- Taft/Hartley pension plans;
- endowments and foundations;
- insurance companies and banks; and
- non-profit organizations.

INVESCO employs growth, value-oriented and quantitative approaches to select securities for equity portfolios and uses quantitative and value approaches to select securities for fixed income portfolios that it manages for its institutional clients. INVESCO's wide array of investment disciplines are distributed by a team of marketers organized by geography and unique client type. INVESCO also distributes products through alliances with third-party intermediaries that deliver our investment products to their clients. INVESCO provides sub-advisory services to funds offered by our other business units and advisory and sub-advisory services to funds offered by third parties.

INVESCO also manages, as investment sub-advisor, mutual funds distributed to retail clients in the U.S.

Outside of North America, INVESCO engages in retail and institutional investment management and related marketing activities through 22 offices located around the world, serving investors located primarily in the U.K., Continental Europe and Asia Pacific. In the U.K., we manage assets on behalf of consumers, intermediaries and professional investors through a broad product range under the Invesco Perpetual brand. INVESCO's main non-U.S. investment offices are located in London, Henley-on-Thames, Paris, Frankfurt, Tokyo, Hong Kong, Melbourne and Taipei, while its main non-U.S. administration office is located in Dublin. In addition, AMVESCAP has a joint venture company in China, INVESCO Great Wall. Outside of North America, INVESCO provides various services, including management, distribution, administration and shareholder support services, to the following types of products and clients:

- onshore unit trusts and other mutual funds, as well as offshore mutual funds;
- investment trusts (closed-end investment companies);
- individual savings accounts (tax-advantaged plans invested in managed investment products for U.K. citizens);
- pension accounts;
- alternative investment products (such as structured products and real estate investments);
- institutional separate accounts with assets invested in the U.K., Europe, emerging markets and global fixed income securities; and
- private investors outside of the U.S.

Units of INVESCO market investment products through independent brokers, alliances with other major financial organizations and direct sales to institutional investors buying for their own accounts. INVESCO tailors its marketing strategy to respond to the relevant competitive environment in each country or region. INVESCO's non-U.S. business units also provide and receive advisory or sub-advisory services to and from investment products offered by other of our business units.

We believe that having our investment professionals working in and investing from many of the world's financial markets is one of our strengths. INVESCO both coordinates the construction of global portfolios and markets our global investment management services.

Private Wealth Management

Our Private Wealth Management division was formed in 2001 in connection with our acquisition of Pell Rudman & Co., Inc. and now operates under the brand name of Atlantic Trust. The Private Wealth Management division provides personalized

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and sophisticated wealth management services to high net worth individuals and their families, as well as asset management services to foundations and endowments in the U.S. The division also provides various investment management services to its clients, including asset allocation, trust services, custody and family office services. It primarily obtains clients through referrals from existing clients and recommendations from a network of attorneys and accountants.

In March 2004, Atlantic Trust Group, Inc. acquired Stein Roe Investment Counsel, Inc. (“Stein Roe”) with over \$7 billion in assets under management. On March 31, 2004, we completed the disposal of the U.K. and Jersey businesses of Atlantic Wealth Management Limited and Atlantic Wealth Management International Limited, which resulted in the transfer of approximately \$1.4 billion of assets under management (“AUM”) out of the Private Wealth Management business.

The Private Wealth Management division operates through several subsidiaries, the most significant of which are Atlantic Trust Company, N.A., a limited purpose national trust company regulated by the Office of the Comptroller of the Currency (“OCC”), AT Investor Services, Inc., a broker-dealer regulated by the SEC and the National Association of Securities Dealers (“NASD”), and Stein Roe.

AMVESCAP Retirement

On July 15, 2005, we sold substantially all of the assets of the AMVESCAP Retirement business other than its U.S. national trust bank subsidiary. AMVESCAP Retirement provided a full range of services to various retirement accounts. Its services included custodian, record keeping, administration, compliance, and client employee education and communication.

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, 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.

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.

Management Contracts

We derive substantially all of our revenues from investment management contracts with clients. Fees vary with the type of assets being managed, with higher fees earned on actively managed equity and balanced accounts and lower fees earned on fixed income and stable return accounts. Investment management contracts are generally terminable upon thirty or fewer days’ notice. Typically, mutual fund and unit trust investors may withdraw their funds at any time without prior notice. Institutional clients may elect to terminate their relationship with us or reduce the aggregate amount of assets under management, and individual clients may elect to close their accounts or redeem their shares in our mutual funds, or shift their funds to other types of accounts with different rate structures, for any of a number of reasons, including investment performance, changes in prevailing interest rates and financial market performance.

Government Regulations

As with all investment management companies, our operations and investment products are heavily 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 government agencies and industry self-regulatory authorities broad administrative discretion over the activities of our business units, including the power to limit or restrict business activities. Possible sanctions for violations of law include the revocation of licenses to operate certain businesses, the suspension or expulsion from a particular jurisdiction or market of any of our business organizations or their key personnel, and the imposition of fines and censures on our employees or us. It is also possible that laws and regulations governing our operations in general or particular investment products could be amended or interpreted in a manner that is adverse to us.

We conduct substantial business operations in the U.S. Various of our subsidiaries and/or products and services offered by such subsidiaries are regulated by the SEC, the NASD, the National Futures Association, the Commodity Futures Trading Commission and the OCC. Federal statutes that regulate the products and services we offer in the U.S. include the Securities Act of 1933, the Securities Exchange Act of 1934 (the “Exchange Act”), the Investment Company Act of 1940, the Investment Advisers Act of 1940 and the Employee Retirement Income Security Act of 1974.

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Various of our business units are regulated in the United Kingdom by the Financial Services Authority (“FSA”). Our operations elsewhere in the world are regulated by similar regulatory organizations. Other regulators who potentially exert a significant impact on our businesses around the world include the Ministry of Finance and the Financial Services Agency in Japan, the Federal Financial Supervisory Authority in Germany, the *Banque de France* and the *Autorité des Marchés Financiers* in France, the Securities and Futures Commission of Hong Kong, the Belgian Banking and Finance Commission, the Australian Securities & Investments Commission, the Securities and Futures Commission of the Ministry of Finance and the Investment Commission of the Ministry of Economic Affairs of the Republic of China, the *Commissione Nazionale per le Società e la Borsa* (CONSOB) in Italy, the Netherlands Authority For the Financial Markets, the Swiss Federal Banking Commission, *La Comisión Nacional del Mercado de Valores* (CNMV) in Spain, the Monetary Authority of Singapore, the Central Bank of Ireland, the Jersey Financial Services Commission, the Pension Fund Supervisions Office (UNFE) in Poland and the Canadian securities administrators (including the Ontario Securities Commission).

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. Under European Union (“EU”) regulatory capital requirements, investment firm groups are generally subject to consolidated supervision, which requires both individual regulated companies and the group of companies to meet regulatory capital requirements. After consultation with the FSA, it has been determined that, for purposes of prudential supervision, AMVESCAP PLC is not subject to regulatory consolidated capital requirements under current EU Directives. A sub-group of our European subsidiary companies is subject to these regulations, however, and we have provided commitments to the FSA that we will meet these requirements. Complying with those commitments may result in an increase in the capital requirements applicable to the European sub-group. Although we do not expect that recent changes in EU Directives will materially alter that position, the outcome will depend ultimately on how the new requirements are implemented into U.K. law, and we cannot guarantee that we will not face a regulatory capital shortfall, be required to limit distributions from certain subsidiaries or need to modify our operating group composition and structure in order to comply. See “Item 5. Operating and Financial Review and Prospects – Risk Factors,” included elsewhere herein.

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.

C. Organizational Structure

AMVESCAP PLC is the ultimate parent company of our investment management business, the principal activities of which are asset management and the provision of related financial services. Our significant subsidiaries, all of which are wholly-owned subsidiaries, are set forth below:

<u>NAME OF COMPANY</u>	<u>COUNTRY OF INCORPORATION</u>
AIM Management Group Inc.	U.S.
AIM Advisors, Inc.	U.S.
AIM Capital, Inc.	U.S.
INVESCO Institutional (N.A.), Inc.	U.S.
INVESCO Senior Secured Management, Inc.	U.S.
AVZ Inc.	U.S.
AMVESCAP Group Services, Inc.	U.S.
INVESCO North American Holdings, Inc.	U.S.
INVESCO U.K. Limited	England
INVESCO Asset Management Limited	England
INVESCO Fund Managers Limited	England
INVESCO International Holdings Limited	England
INVESCO Pensions Limited	England
AIM Canada Holdings Inc.	Canada
AMVESCAP Inc.	Canada
AIM Funds Management, Inc.	Canada
AVZ Callco	Canada

D. Property, Plant and Equipment

Our registered office is located at 30 Finsbury Square, London, EC2A 1AG, United Kingdom. Our principal executive

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offices are located in leased office space at 1360 Peachtree Street N.E., Atlanta, Georgia 30309, U.S.A. We also lease significant office space in the U.S. at 11 Greenway Plaza, Houston, Texas 77046 and 4350 South Monaco Street, Denver, Colorado 80237. We generally lease space in the locations where we conduct business, except that we own property at INVESCO Park, Henley-on-Thames, Oxfordshire, RG9 1HH, United Kingdom. We have no plans to construct, significantly expand or improve our facilities.

Item 4A. Unresolved Staff Comments

None.

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Item 5. Operating and Financial Review and Prospects

Introduction

This discussion and analysis should be read in conjunction with the selected consolidated financial information and the Consolidated Financial Statements included elsewhere in this Form 20-F.

The following discussion contains forward-looking statements relating to our future financial performance, business strategy, financing plans and other future events that involve uncertainties and risks. Our actual results could differ materially from the results anticipated by these forward-looking statements as a result of known and unknown factors that are beyond our ability to control or predict, including, but not limited to, those discussed in “—Risk Factors” and “Cautionary Statements Concerning Forward-Looking Statements,” included elsewhere herein.

We are a leading independent global investment management company, with \$414.6 billion of assets under management at May 31, 2006. Operating under the AIM, AIM Trimark, INVESCO, Invesco Perpetual and Atlantic Trust brands, we strive to deliver outstanding products and services through a comprehensive array of enduring investment solutions for our retail, institutional and private wealth management clients around the world.

On December 8, 2005, the company changed its presentation currency from sterling to U.S. dollars. The comparative figures have been presented in U.S. dollars applying the average foreign exchange rates for the period for the income statement and the ending foreign exchange rates for the period for the balance sheet. See Note 29 to the Consolidated Financial Statements for additional details. Additionally, AMVESCAP PLC, which is the publicly-traded holding company (the “Parent”) redenominated its share capital from sterling to U.S. dollars. U.S. dollars more accurately reflects the currency of the underlying operations and financing of the Parent.

The key drivers of success for AMVESCAP are long-term investment performance and client service, delivered across a diverse spectrum of products, distribution channels and geographic areas. By achieving success in these areas, we seek to generate positive net flows and increased assets under management. We measure relative investment performance by comparing our products to competing products and industry benchmarks. Generally, distributors, investment advisors and consultants heavily weigh longer-term performance (e.g., three-year and five-year performance), in selecting the products they recommend to their customers, although one-year performance may be an important consideration. External ratings can also have an influence over 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 obtaining feedback from investment consultants.

Assets Under Management

Assets under management (“AUM”) at the end of 2005 were \$386.3 billion (2004: \$382.1 billion). Average AUM for 2005 were \$377.6 billion, compared to \$371.3 billion in 2004. Net outflows for the year ended December 31, 2005, were \$16.2 billion, with inflows of \$66.3 billion and outflows of \$82.5 billion. Approximately \$9.2 billion of outflows during the year were from one portion of our institutional business in the U.S. In addition, one sub-advised client in our U.S. Retail business terminated in the fourth quarter of 2005, accounting for \$1.4 billion in net outflows. We have seen some degree of net flow improvement over the last half of 2005, as our investment performance has generally strengthened during this same period. Our High Net Worth business continued to show a pattern of modest but steady sales growth. Changes in AUM are as follows:

<u>\$ billions</u>	<u>2005</u>	<u>2004</u>	<u>% Change</u>
January 1,	\$382.1	\$370.6	
Inflows	66.3	67.0	(1.0)%
Outflows	(82.5)	(86.5)	4.6%
Net flows	(16.2)	(19.5)	16.9%
Market gains/ reinvestment	24.4	26.0	(6.2)%
Change in money market funds and other	0.5	(8.3)	N/A
Acquisitions/disposals	—	6.1	(100.0)%
Foreign currency*	(4.5)	7.2	N/A
December 31,	\$386.3	\$382.1	1.1%
Average long-term AUM	\$335.8	\$326.2	2.9%
Average money market AUM	41.8	45.1	(7.3)%
Average AUM	\$377.6	\$371.3	1.7%

* The foreign currency movement arises from different exchange rates being in effect as of the relevant measurement dates for assets denominated in currencies other than U.S. dollars.

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Our revenues are directly influenced by the level and composition of the firm's AUM. Therefore, movements in global capital market levels, net new business inflows (or net outflows) and changes in the mix of investment products between asset classes may materially impact the revenues for the firm within a quarter. Global capital markets improved over 2004. The FTSE 100 increased by 19.1%, the S&P 500 by 6.2%, NASDAQ by 6.4% and the Dow Jones Industrial Average by 1.8% from December 31, 2004 to December 31, 2005. Our AUM by channel, by division, and by asset class are as follows:

AUM by Channel

<i>\$ billions</i>	<u>Total</u>	<u>Retail</u>	<u>Institutional</u>	<u>High Net Worth</u>
January 1, 2004	\$370.6	\$176.6	\$ 184.9	\$ 9.1
Inflows	67.0	40.1	22.6	4.3
Outflows	(86.5)	(53.3)	(28.6)	(4.6)
Net flows	(19.5)	(13.2)	(6.0)	(0.3)
Market gains/reinvestment	26.0	16.0	9.7	0.3
Change in money market funds and other	(8.3)	1.3	(9.6)	—
Acquisitions/disposals	6.1	—	—	6.1
Foreign currency*	7.2	5.3	1.9	—
December 31, 2004	<u>\$382.1</u>	<u>\$186.0</u>	<u>\$ 180.9</u>	<u>\$ 15.2</u>
Inflows	66.3	41.2	21.3	3.8
Outflows	(82.5)	(53.3)	(25.8)	(3.4)
Net flows	(16.2)	(12.1)	(4.5)	0.4
Market gains/reinvestment	24.4	16.0	7.9	0.5
Change in money market funds and other	0.5	1.9	(1.6)	0.2
Foreign currency*	(4.5)	(1.6)	(2.9)	—
December 31, 2005	<u>\$386.3</u>	<u>\$190.2</u>	<u>\$ 179.8</u>	<u>\$ 16.3</u>

AUM by Division

<i>\$ billions</i>	<u>Total</u>	<u>AIM</u>		<u>INVESCO</u>			<u>PWM</u>
		<u>U.S.</u>	<u>Canada</u>	<u>U.S.</u>	<u>U.K.</u>	<u>Europe/ Asia</u>	
January 1, 2004	\$370.6	\$151.1	\$ 28.7	\$118.5	\$ 39.0	\$ 23.8	\$ 9.5
Inflows	67.0	16.3	5.3	19.6	11.3	10.2	4.3
Outflows	(86.5)	(28.7)	(4.6)	(25.7)	(9.8)	(13.2)	(4.5)
Net flows	(19.5)	(12.4)	0.7	(6.1)	1.5	(3.0)	(0.2)
Market gains/reinvestment	26.0	7.3	2.7	8.1	5.6	2.0	0.3
Change in money market funds and other	(8.3)	(8.4)	—	0.2	0.6	(0.2)	(0.5)
Acquisitions/disposals	6.1	—	—	—	—	—	6.1
Foreign currency*	7.2	—	2.5	0.3	2.9	1.5	—
December 31, 2004	<u>\$382.1</u>	<u>\$137.6</u>	<u>\$ 34.6</u>	<u>\$121.0</u>	<u>\$ 49.6</u>	<u>\$ 24.1</u>	<u>\$15.2</u>
Inflows	66.3	12.6	5.9	16.7	19.0	8.3	3.8
Outflows	(82.5)	(28.0)	(5.7)	(24.0)	(11.9)	(9.5)	(3.4)
Net flows	(16.2)	(15.4)	0.2	(7.3)	7.1	(1.2)	0.4
Market gains/reinvestment	24.4	5.1	2.2	4.4	8.8	3.4	0.5
Change in money market funds and other	0.5	0.7	—	—	—	(0.2)	—
Foreign currency*	(4.5)	—	2.1	(0.4)	(4.2)	(2.0)	—
December 31, 2005	<u>\$386.3</u>	<u>\$128.0</u>	<u>\$ 39.1</u>	<u>\$117.7</u>	<u>\$ 61.3</u>	<u>\$ 24.1</u>	<u>\$16.1</u>

* The foreign currency movement arises from different exchange rates being in effect as of the relevant measurement dates for assets denominated in currencies other than U.S. dollars.

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AUM by Asset Class

<i>\$ billions</i>	<u>Total</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Balanced</u>	<u>Money Market</u>	<u>Stable Value</u>	<u>Alternatives</u>
January 1, 2005	\$382.1	\$178.5	\$ 44.8	\$ 44.1	\$ 50.0	\$43.2	\$ 21.5
Inflows	66.3	30.0	14.5	7.8	3.3	4.2	6.5
Outflows	(82.5)	(45.6)	(10.4)	(12.5)	(3.5)	(3.0)	(7.5)
Net flows	(16.2)	(15.6)	4.1	(4.7)	(0.2)	1.2	(1.0)
Market gains/reinvestment	24.4	17.9	1.2	1.7	—	2.4	1.2
Change in money market funds	0.5	—	—	—	0.5	—	—
Foreign currency*	(4.5)	(3.3)	(0.8)	0.1	—	—	(0.5)
December 31, 2005	<u>\$386.3</u>	<u>\$177.5</u>	<u>\$ 49.3</u>	<u>\$ 41.2</u>	<u>\$ 50.3</u>	<u>\$46.8</u>	<u>\$ 21.2</u>

* The foreign currency movement arises from different exchange rates being in effect as of the relevant measurement dates for assets denominated in currencies other than U.S. dollars.

Investment Performance

Retail ⁽¹⁾	% of AUM in Top Half of Peer Group as of December 31, 2005		
	<u>One-Year</u>	<u>Three-Year</u>	<u>Five-Year</u>
U.S.	62%	34%	22%
Canada	4%	21%	95%
U.K.	72%	87%	83%
Continental Europe and Asia	66%	83%	60%

Institutional ⁽²⁾	% of AUM Above Benchmark as of December 31, 2005		
	<u>One-Year</u>	<u>Three-Year</u>	<u>Five-Year</u>
Equity	53%	53%	97%
Fixed Income	94%	93%	92%
Money Market	93%	93%	93%
Stable Value	Largest U.S. Stable Value manager with over \$45 billion in assets under management. Outperformed cash benchmarks over all relevant periods.		
Real Estate	100% of U.S. REIT and Direct Real Estate assets have outperformed their respective benchmarks over one-, three- and five-year periods.		
Financial Structures	Named 2005 CDO Manager of the Year by Euromoney		

(1) Retail performance is based on Peer Rankings and AUM as of December 31, 2005. Sources include: Morningstar, Lipper and S&P Micropal.

(2) Institutional includes representative products managed in Atlanta, New York, Frankfurt, Louisville and London. Performance is as of December 31, 2005. All underlying products have been compiled by following AIMR and GIPS standards.

In our U.S. Retail business, we have seen an improving one-year track record, with 62% of AUM in the top half of peers. The longer-term track record remains below our expectations, and therefore the U.S. Retail business continues to be an area of focus. Within U.S. Retail, our international funds had 85% of AUM in the top half of peers on a one-year basis, and the asset allocation solutions have also performed well. We have seen inflows in these and other products. During 2005, we evaluated, rationalized and merged several funds in the U.S. Retail product line to ensure that we are delivering the best possible investment solutions to our clients.

We have experienced a decline in investment performance in our Canadian Retail business due to certain of its portfolios being underweighted in the energy sector, a market segment that has experienced a recent and dramatic increase in valuation. 90% of the Canadian Retail AUM remains in the top half of peers on a five-year basis. The U.K. Retail business has produced particularly strong results across all measured time frames. The offshore product range, marketed principally in Continental Europe and Asia, is an important component of our diversified profile with more than 66% of its asset base performing in the top half of peer groups on a one-year basis.

In our institutional business, over 90% of our fixed income and money market assets beat their benchmarks over the one-, three- and five-year periods. Equity performance has been mixed, but a majority of AUM are performing ahead of benchmark on a five-year basis. We are the largest stable value manager, with over \$45 billion in AUM. Our real estate business is outperforming benchmarks over all relevant periods, and our financial structures group was named 2005 CDO Manager of the Year by Euromoney.

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International Financial Reporting Standards (“IFRS”)

From January 1, 2005, as required by the European Union’s (“EU”) IAS Regulation and the Companies Act, the company began recording its results of operations under IFRS as adopted by the EU. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (“IASB”). However, the Consolidated Financial Statements for the periods presented would be no different had the company applied IFRS as issued by the IASB. References to IFRS in this annual report should be construed as references to IFRS as adopted by the EU. The date of the transition to IFRS is January 1, 2004, this being the start of the earliest period of comparative information required in the U.K., and accordingly the comparative period has been restated to apply IFRS on a consistent basis. Prior to this date, the company prepared its consolidated financial statements under U.K. Generally Accepted Accounting Practice (“U.K. GAAP”).

During 2004, the company carried out a review of IFRS to identify the changes to accounting policies that were necessary to comply with the new standards. The most significant changes affecting the company due to the IFRS transition are:

- The cessation of goodwill amortization (IFRS 3) and redenomination of goodwill into the currency of the underlying acquired entities (IAS 21);
- The inclusion of a fair value charge in respect of outstanding employee share options granted after November 7, 2002 (IFRS 2);
- The replacement of existing charges for awards under certain equity-based compensation plans with fair value charges spread over revised time periods (IFRS 2);
- The inclusion in the balance sheet of all employee benefit liabilities (IAS 19); and
- The reclassification of certain income statement and balance sheet items for disclosure purposes, including the presentation of third-party distribution fees, service and advisory fees in the income statement separately from total revenues.

The underlying business transactions and cash flows of the company did not change upon the transition to IFRS. The transition to IFRS resulted in the reduction of total shareholders’ funds from the U.K. GAAP figure at January 1, 2004, of \$208.1 million. This reduction is due primarily to the redenomination of goodwill and management contract intangible assets into the currency of the underlying acquired entities. Under U.K. GAAP, these balances were recorded in sterling. For the year ended December 31, 2004, the transition to IFRS resulted in the addition of \$276.4 million to profit for the year, primarily due to the cessation of goodwill amortization previously recorded under U.K. GAAP. Diluted earnings per share for the year ended December 31, 2004 was a loss of \$0.05 under IFRS, compared with a loss of \$0.39 under U.K. GAAP. See Note 2 to our Consolidated Financial Statements for further details.

Summary of Differences between IFRS and U.S. GAAP

We prepare our financial statements in accordance with IFRS, which differs in certain respects from U.S. GAAP. The principal differences between IFRS and U.S. GAAP, as applied to us, relate to acquisition accounting. Prior to 1998, goodwill was charged directly to other reserves. Upon transition to IFRS, this pre-1998 goodwill was not required to be restated as an asset on the balance sheet, and it will not be included subsequently in determining any profit or loss upon disposal of the acquired entity. Under U.S. GAAP, this pre-1998 goodwill is reflected as an asset. Also upon transition to IFRS, the company ceased amortization of goodwill under IFRS at the transition date, January 1, 2004. Under U.S. GAAP, the company ceased amortization of goodwill on January 1, 2002, in accordance with U.S. accounting rules. Certain other differences between IFRS and U.S. GAAP exist related to the timing of recording redundancy and reorganization accruals, share-based payment costs and certain related tax difference. See Note 30 to our Consolidated Financial Statements for a reconciliation of operating results from IFRS to U.S. GAAP.

Critical Accounting Policies

Our significant accounting policies are disclosed in Note 1 to our Consolidated Financial Statements. These policies address such matters as accounting for goodwill and investments, revenue recognition, taxation, and depreciation methods. Below is a description of certain critical accounting policies that require management to make its best estimates and judgments, which should be read in conjunction with the discussion of risk factors facing the company. (See “—Risk Factors” below.)

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Revenue

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, VAT and other sales-related taxes. Revenue is recognized when services have been provided, it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue represents management, distribution, transfer agent and other fees. Revenue is generally accrued over the period for which the service is provided, or in the case of performance-based management fees, when the contractual performance criteria have been met. Management fee revenues are derived from providing professional expertise to manage client accounts and include fees received from institutional advisory contracts and retail mutual funds, unit trusts, investment companies with variable capital and investment trusts. Management fees vary in relation to the level of client assets managed, and in certain cases are also based on investment performance. Distribution fees include 12b-1 fees received from certain mutual funds to cover allowable marketing expenses for those funds and also include asset-based sales charges paid by certain mutual funds for a period of time after the sale of those funds. Transfer agent fees are service fees charged to cover the expense of transferring shares of a mutual fund or units of a unit trust into the investor's name. Other fees include trading fees derived from generally non-recurring security or investment transactions and fees earned from the company's banking subsidiaries, such as interest earned from balances available on demand from clients and credit institutions and commissions earned from derivative instruments. Distribution fees, service fees and advisory fees that are passed through to external parties are presented separately from total revenues to arrive at Net Revenues on the income statement.

Our revenues would be adversely affected by any reduction in assets under management as a result of either a decline in market value of such assets or continued net outflows, which would reduce the investment management fees we earn. Additionally, our business is dependent on investment advisory agreements that are subject to termination or non-renewal, and our mutual funds and other investors may withdraw their funds at any time. Demand for our mutual fund products may decline. Competitive pressures may force us to reduce or waive temporarily the fees we charge to clients, and changes in the distribution channels on which we depend could reduce our revenues and hinder our growth.

Share-based payment

The company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic valuation model. The expected life of share-based payment awards used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. In accordance with the transition provisions of IFRS, the company has applied this policy to all grants after November 7, 2002 that were unvested as of January 1, 2005. Changes in the assumptions used in the stochastic valuation model, 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. For example, at December 31, 2005, 14.1 million share options were outstanding related to 2003 grants that had performance conditions attached to them calculated based upon growth in the company's earnings per share since the date of the award over the vesting period. The performance targets for these options provide that they may only be exercised if earnings per share have grown by a percentage in excess of a weighted average of the U.K. Retail Price Index and the U.S. Consumer Price Index over the preceding three years as follows:

Percentage Growth	Percent of Options Exercisable
Below 12%	0%
12%-13%	80%
13%-14%	85%
14%-15%	90%
Over 15%	100%

No expense was taken in 2004 or 2005 related to these 2003 option grants, as the company did not expect that the vesting conditions would be attained. Should the growth in the company's earnings per share result in satisfaction of the performance conditions, the company would incur an expense of approximately \$43.7 million during 2006, representing the estimated cost of such options upon vesting.

Taxation

Tax expense represents the sum of current tax and deferred tax. Current tax is provided on taxable profits based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax is generally provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

Deferred tax assets and liabilities are not recognized where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized, and deferred tax liabilities are recognized where either the timing of the reversal of the temporary difference cannot be controlled or it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred tax assets and liabilities in the Consolidated Balance Sheet have been offset on a jurisdiction by jurisdiction basis where they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities.

Goodwill

Goodwill represents the excess of the 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. The recoverable amounts of each cash generating unit (the lowest group of identifiable assets that generate independent cash flows) are compared to its carrying amount to determine if impairment results. The recoverable amount of a cash generating unit is the higher of the fair value less costs to sell of the cash generating unit or its value-in-use ("VIU").

Transaction data for similar assets within the asset management industry are obtained from an external valuations consultant and are used to assess the fair value less costs to sell as part of the annual goodwill impairment test. Key assumptions made in determining the fair value less costs to sell include an analysis of the purchase prices paid for similar acquisitions in the asset management industry as a multiple of the revenue streams acquired. These key assumptions reflect past acquisition experiences within the company and are applied to the cash generating units to arrive at an estimate of the fair value less costs to sell of the cash generating units.

VIU is calculated by first determining the estimate of future cash flows to be generated by the cash generating unit and then applying a discount rate equivalent to the company's weighted average cost of capital, adjusted for risks specific to the cash generating unit. VIU calculations are based on the cash generating unit's most recent budgets and (up to) five-year projections. Extrapolations are then made to the projections assuming declining growth rates on cash flow throughout the estimated life of the goodwill. Any impairment is recognized in the income statement and is not subsequently reversed.

On disposal of a business, the attributable amount of goodwill is included in the determination of profit or loss. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous U.K. GAAP amounts. Prior to 1998, goodwill was charged directly to other reserves. The goodwill has not been restated, and will not be included in determining any subsequent profit or loss on disposal.

As a result of the 2005 goodwill impairment review, the company recognized a non-cash goodwill impairment charge of \$16.6 million (\$10.4 million after tax, or \$0.01 per share) related to the Atlantic Trust business. The key assumptions used to

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determine the fair value of the Atlantic Trust business included (a) cash flow periods of 20 years; and (b) a discount rate of 12%, which was based upon the company's weighted average cost of capital adjusted for the risks associated with the operations. A variance in the discount rate could have had a significant impact on the amount of the goodwill impairment charge recorded. For example, a 1% increase in the discount rate would have caused an increase in the goodwill impairment charge by approximately \$31 million. A 1% decrease in the discount rate would have resulted in no impairment.

The company cannot predict the occurrence of future events that might adversely affect the reported value of goodwill that totaled \$4.2 billion at December 31, 2005. 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 a material negative change in assets under management and related management fees.

Investments

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the company commits to buy or sell the asset. As explained in Note 2, the company has not applied IAS 32, "Financial Instruments: Disclosure and Presentation," and IAS 39, "Financial Instruments: Recognition and Measurement," to the 2004 comparative financial statements included herein. Accordingly, the investment balances in the 2004 comparative financial statements are included using the policies and disclosures used under U.K. GAAP.

Policy applicable through December 31, 2004:

Long-term investments, including partnership investments, are stated at cost less provisions for any impairment in value. Investments held as current assets are stated at the lower of cost or net realizable value. Gains and losses on investments are recorded within other income and expense in the income statement in the period in which they arise.

Policy applicable from January 1, 2005:

Investments are initially recognized at fair value, adjusted by transaction costs, and are then classified as fair value through profit and loss, available-for-sale, or held-to-maturity. Fair value through profit and loss and available-for-sale investments are measured at fair value. Gains or losses arising from changes in the fair value of fair value through profit and loss investments are included in income, and gains or losses arising from changes in the fair value of available-for-sale investments are recognized in a separate component of equity until the investment is sold or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Held-to-maturity investments are measured at amortized cost, taking into account any discounts or premiums. Gains or losses on held-to-maturity investments are recognized in income when the investments are amortized or impaired.

Fair value is determined by reference to an active trading market, using quoted 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 debt obligations) 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, the actual value realized upon the sale of these investments could differ from the current carrying values. In certain instances, such as unquoted securities, where the fair values cannot be reliably measured, because the range of fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the investment is recorded at cost.

Impairment of assets excluding goodwill

The carrying amounts of assets excluding goodwill 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, and if the recoverable amounts (the higher of the fair value less costs to sell or value-in-use) are estimated to be less than the carrying amounts, then the carrying amounts are reduced to their recoverable amounts, and an impairment charge is recognized immediately. The company uses the fair value less costs to sell in determining recoverable amounts. Where an impairment subsequently reverses, the carrying amounts of the assets and equity are increased to the revised estimate of their recoverable amounts, limited to the original carrying amounts less subsequent amortization or depreciation. Different assumptions related to the net selling price calculation could result in different impairment results.

Foreign currencies

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

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denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation are included in the income statement, with the exception of differences on foreign currency borrowings that provide an effective designated hedge against a net investment in a foreign entity. These differences are taken directly to equity until the disposal of the net investment, at which time they are recognized in the income statement. In the Parent's financial statements, a fair value hedge is utilized to revalue certain foreign currency investments in subsidiaries, allowing the revaluation of these assets to offset the revaluation of external foreign currency debt in the Parent's income statement.

The company's presentation 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 ruling 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 foreign operations' accounts are taken directly to equity. 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 ruling at the balance sheet date.

The company has changed its presentation currency from pounds sterling to U.S. dollars effective December 8, 2005. The comparative figures have been presented in U.S. dollars applying the exchange rates outlined in Note 29 to the Consolidated Financial Statements, included elsewhere herein. On December 8, 2005, the Parent redenominated its share capital from sterling to U.S. dollars and changed its functional currency from sterling to U.S. dollars. The U.S. dollar more accurately reflects the currency of the underlying operations and financing of the Parent. Since a large number of the company's subsidiaries are located outside of the United States and have functional currencies that are not the U.S. dollar, fluctuations in these exchange rates to the U.S. dollar may affect our reported financial results from one period to the next. We do not actively manage our exposure to such effects.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Changes to situations that impact the probability of settlement of provisions, or changes in discount rates, could have an impact on the reported value of a provision and could require adjustment to the balance through the income statement.

Debt

We have a significant amount of indebtedness, comprised of fixed rate and floating rate debt. Upon initial recognition, debt balances are recorded at the net of the maturity amounts and any debt issue costs. As of December 31, 2005, we had outstanding total debt of \$1,222.2 million, net debt of \$733.7 million and shareholders' funds of \$3.6 billion. The significant amount of indebtedness we carry could limit our ability to obtain additional financing, if needed, 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 competitive disadvantage compared to our competitors that have less debt. Our credit facility imposes restrictions on our ability to conduct our business and, if certain of our debt were to be accelerated, we might not have sufficient assets to repay it in full. Any or all of the above factors could materially adversely affect our financial position.

New Accounting Standards

IFRS comprise standards and interpretations approved by the International Accounting Standards Board and its predecessors, all of which have been approved by the European Commission at the current date. On September 1, 2005, the company adopted the amendment to IAS 39, "Fair value option," and formally designated its investments on behalf of deferred compensation plans and its linked policyholder assets as Fair Value Through Profit and Loss investments. The fair value of these investments on the designation date was \$1.0 billion. Under U.K. GAAP, the linked policyholder assets were classified as a receivable. The company continues to monitor the development of new accounting standards and interpretations that were not effective at December 31, 2005. It is not currently anticipated that the adoption of these standards and interpretations will have a material impact on the financial statements.

The company will reflect the implementation of FAS 123(R), "Share-Based Payment" in its reconciliation from IFRS to U.S. GAAP for the year-ended December 31, 2006, which will require the recognition in U.S. GAAP net income of a charge for

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share-based payment plans. Previously, the company's reconciliation to U.S. GAAP reflected accounting for share-based payment transactions under U.S. Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees", which resulted in expense recognition under U.S. GAAP related to its share-based payment programs calculated using the intrinsic value method. The company currently accounts for share-based payment programs under IFRS 2, "Share-based payment" and does not anticipate that the share-based payment expense recognized under U.S. GAAP will differ materially from the expense recognized under IFRS.

A. Operating Results

2005 saw a 2.3% increase in net revenues (total revenues less third-party distribution, service and advisory fees) to \$2,173.2 million (2004: \$2,124.5 million). The main categories of revenues are as follows:

<i>\$ millions</i>	2005	2004
Management	2,213.7	2,052.7
Service and distribution	538.2	593.3
Other	127.3	111.5
Total revenues	2,879.2	2,757.5
Third-party distribution, service and advisory fees	(706.0)	(633.0)
Net revenues	2,173.2	2,124.5

Management revenues increased 7.8% from 2004. INVESCO U.K. management revenues increased \$139 million, AIM Canada management revenues increased \$60 million and the management revenues for Private Wealth Management increased \$12 million over 2004. These increases were offset by lower management revenues in AIM U.S. Service and distribution fees declined \$55.1 million (9.3%) from 2004. The sale of the AMVESCAP Retirement business accounted for \$30 million of this decline, as this business was included for the full 12 months in 2004 but only six and a half months in 2005. The remainder of the difference is a result of lower distribution and transfer agency fees in our U.S. Retail channel. Other revenues increased 14.2% over 2004, primarily due to the increase in transaction fees in our real estate group. Third-party distribution, service and advisory fees increased by \$73.0 million, due to an increase in trail and renewal commissions.

During the fourth quarter of 2005, the company undertook an operating review and identified the steps required to move towards a more integrated global company. We are in the process of integrating the enterprise support functions, such as Human Resources, Finance, Legal and Compliance, and we are combining AIM and INVESCO's managed account platforms. We also merged certain client service functions across our retail business. As a result of this work, we took a restructuring charge of \$75.7 million in 2005 and implemented measures that reduced headcount by 285. Included in this charge are costs incurred to eliminate some office space and streamline our product line. Based on the actions we have taken and those that we will take in 2006, we should be able to decrease significantly our total operating expenses and operate more efficiently. If the business environment experienced in 2005 does not change materially in 2006, we expect to decrease our operating expenses by approximately \$120 million and reach an operating expense base of approximately \$1,550 million in 2006, excluding the impact of the PowerShares acquisition, costs related to market movements, increased sales and any unanticipated new initiatives. We expect 50% of the expense reduction to be realized in Compensation costs, with the remainder of the savings from decreases in Property and Office, Technology/telecommunications, and General and Administrative costs.

Total operating expenses before the restructuring charge increased 3% in 2005. Compensation expenses increased \$77.9 million from 2004, with \$34.3 million in incremental amortization of share-related compensation programs, \$11.8 million related to one-time recruiting costs, and the remainder due to staff salaries, bonus and benefit costs. Marketing costs increased 8.1% from 2004, largely due to increased advertising in the U.K. and U.S. Property and Office costs decreased \$39.0 million for the year, primarily as a result of the \$37.0 million provision we took in 2004 for unused office space. Technology/telecommunications costs decreased 6.5% from 2004, driven by the sale of the AMVESCAP Retirement business and generally lower headcount. General and Administrative costs increased 4.4% from 2004, primarily due to a \$16.6 million goodwill impairment charge in the Private Wealth Management business.

Compensation continues to be the largest component of operating expenses, accounting for 62.5% of costs for 2005 (2004: 59.5%). Competitive compensation is critical for the success of AMVESCAP in attracting and retaining the highest caliber employees. The main categories of operating costs before the 2005 restructuring charge and the 2004 U.S. regulatory settlement, (the "Adjustments"), are as follows:

<i>\$ millions</i>	2005	% of total	2004	% of total
Compensation	1,044.7	62.5%	966.8	59.5%
Marketing	139.5	8.3%	129.1	8.0%
Property and office	130.3	7.8%	169.3	10.4%
Technology/telecommunications	139.0	8.3%	148.7	9.2%
General and administrative	219.4	13.1%	210.1	12.9%
	<u>1,672.9</u>	<u>100.0%</u>	<u>1,624.0</u>	<u>100.0%</u>

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Our effective tax rate for 2005 was 40.7% (37.7% before the restructuring charge) and was impacted by the lack of tax deductibility for certain expense items, including an \$11.3 million expense associated with a capital infusion into our Taiwan bond funds.

The increase in revenues from 2004 to 2005 was offset by increased expenses, resulting in operating profit before Adjustments for 2005 remaining flat as compared to 2004. Diluted EPS before the restructuring charge was down by one cent.

In January 2006, we announced that we had signed a definitive agreement to acquire PowerShares, which we expect to consummate in the third quarter of 2006. The 37 exchange-traded funds (“ETFs”) offered by PowerShares will complement our fund lineup and expand the breadth of products we can offer our clients through AIM Investments.

The divisional income statements presented below are based on a set percentage allocation of revenues, depending on whether the product is sold, managed, or serviced by the division. Divisions selling, managing or servicing a product received 40%, 40%, and 20% of the revenues for that product, respectively. This measurement of profitability represents the way in which the businesses historically operated prior to the beginning of 2006.

The following tables summarize revenues and profits by operating group before the Adjustments for the periods indicated. We believe that operating profit before the Adjustments is a more appropriate income amount for presentation, since it represents a more consistent measure of our year-by-year performance. Operating profit before the Adjustments is a measure expressly permitted under IFRS and should be evaluated in the context of our IFRS results. See “Item 3. Key Information — Selected Financial Data” for a reconciliation between operating profit before the Adjustments and (loss)/operating profit.

\$ millions	Year Ended December 31, 2005		
	Net Revenues	Expenses	Operating Profit
AIM			
U.S.	\$ 742.0	\$ (493.5)	\$ 248.5
Canada	373.5	(163.2)	210.3
	<u>1,115.5</u>	<u>(656.7)</u>	<u>458.8</u>
INVESCO			
U.S.	392.5	(290.4)	102.1
U.K.	422.7	(325.4)	97.3
Europe/Asia	126.4	(139.4)	(13.0)
	<u>941.6</u>	<u>(755.2)</u>	<u>186.4</u>
Private Wealth/ Retirement*	116.1	(149.5)	(33.4)
Corporate	—	(111.5)	(111.5)
Totals before restructuring charge	<u>2,173.2</u>	<u>(1,672.9)</u>	<u>500.3</u>
Restructuring charge	—	(75.7)	(75.7)
	<u>\$ 2,173.2</u>	<u>\$ (1,748.6)</u>	<u>\$ 424.6</u>

* Portions of the Retirement division were sold during 2005. See Note 3 to the Consolidated Financial Statements for additional information.

\$ millions	Year Ended December 31, 2004		
	Net Revenues	Expenses	Operating Profit
AIM			
U.S.	\$ 812.0	\$ (531.7)	\$ 280.3
Canada	319.9	(145.6)	174.3
	<u>1,131.9</u>	<u>(677.3)</u>	<u>454.6</u>
INVESCO			
U.S.	351.8	(258.9)	92.9
U.K.	345.1	(323.5)	21.6
Europe/Asia	142.7	(136.3)	6.4
	<u>839.6</u>	<u>(718.7)</u>	<u>120.9</u>
Private Wealth/ Retirement	153.0	(164.7)	(11.7)
Corporate	—	(63.3)	(63.3)
Totals before U.S. regulatory settlement	<u>2,124.5</u>	<u>(1,624.0)</u>	<u>500.5</u>
U.S. regulatory settlement	—	(413.2)	(413.2)
	<u>\$ 2,124.5</u>	<u>\$ (2,037.2)</u>	<u>\$ 87.3</u>

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2005 Compared with 2004

AIM U.S.

The AIM U.S. business reported net revenues of \$742.0 million during 2005, compared with \$812.0 million during 2004. The decline is due to an 8.4% decrease in average asset levels during 2005 and fee reductions as part of the U.S. regulatory settlement and (for the period from and after July 1, 2005) additional voluntary reductions (principally in 12b-1 fees). Operating expenses declined by \$38.2 million to \$493.5 million in 2005. Operating profits were \$248.5 million compared with \$280.3 million in 2004. Operating profit margin for 2005 amounted to 33.5%, compared with 34.5% in the prior year. The group generated approximately \$12.6 billion of inflows and had net outflows of \$15.4 billion in 2005. Market gains of \$5.1 billion partially offset these net outflows. AUM amounted to \$128.0 billion at December 31, 2005, including \$47.4 billion of institutional money market funds.

AIM Canada

The AIM Canada business reported net revenues of \$373.5 million during 2005, compared with \$319.9 million for the prior year. Operating profits were \$210.3 million in 2005 compared with \$174.3 million in 2004, and the operating profit margin was 56.3% in 2005. The group generated approximately \$5.9 billion of inflows in 2005 and net inflows of \$0.2 billion. Market gains were \$2.2 billion for the year. As a result, average AUM increased 17.2% from 2004. AUM amounted to \$39.1 billion at December 31, 2005.

INVESCO U.S.

The INVESCO U.S. business reported net revenues and operating profits of \$392.5 million and \$102.1 million in 2005, compared with \$351.8 million and \$92.9 million for 2004, respectively. Increased expenses, primarily due to higher compensation costs, offset a portion of the revenue increase. Operating profit margins decreased from 26.4% in 2004 to 26.0% in the current year. Average AUM for 2005 was \$117.8 billion compared to \$118.5 billion in 2004. The unit generated \$16.7 billion in inflows during 2005, and recorded net outflows of \$7.3 billion. AUM amounted to \$117.7 billion at December 31, 2005.

INVESCO U.K.

INVESCO U.K.'s net revenues amounted to \$422.7 million for 2005, compared with \$345.1 million in 2004, up \$77.6 million due to increased asset levels. Operating profits totaled \$97.3 million for the current year compared to \$21.6 million for the prior year. Operating expenses amounted to \$325.4 million in 2005, compared with \$323.5 million in 2004. The operating profit margin was 23.0% in 2005 (2004: 6.3%). Inflows for 2005 totaled approximately \$19.0 billion, market gains totaled \$8.8 billion, and net inflows were \$7.1 billion for the year. AUM amounted to \$61.3 billion at December 31, 2005.

INVESCO Europe/Asia

INVESCO Europe/Asia's net revenues amounted to \$126.4 million for 2005, compared with \$142.7 million in 2004. Operating losses totaled \$13.0 million for the year ended December 31, 2005, versus an operating profit of \$6.4 million for the prior year. The decline in operating profit was due to declining revenues in our German banking operation. The German banking operation was sold in 2006. Inflows for 2005 totaled \$8.3 billion, market gains totaled \$3.4 billion, and net outflows were \$1.2 billion for the year. AUM amounted to \$24.1 billion at December 31, 2005.

Private Wealth Management/Retirement

Net revenues for these businesses totaled \$116.1 million in 2005, compared with \$153.0 million in 2004. Operating losses totaled \$33.4 million, compared to \$11.7 million in 2004. The AMVESCAP Retirement business was sold in July 2005, and accordingly only six and a half months of the results of operations of this business are included in the 2005 financial statements. AUM were \$16.1 billion at December 31, 2005. Net inflows for the group amounted to \$0.4 billion for 2005.

Corporate

Corporate expenses include staff costs related to corporate employees, as well as continued expenditures in company-wide initiatives. The increase in costs over 2004 was the result of several factors, including one-time recruitment costs, increased share-related compensation, termination costs and costs associated with increased focus on risk management.

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Other Income and Expense Items

As a result of the sale of the AMVESCAP Retirement business, a gain of \$32.6 million was recorded in 2005. Loss on sale of assets, investments and foreign exchange includes a charge of \$7.2 million related to the outsourcing of the defined contribution platform in the U.K. and an \$11.3 million charge related to a capital infusion into our Taiwan bond funds. In addition, we incurred a non-cash loss of \$6.8 million related to the foreign exchange revaluation of our senior notes into sterling. This loss was recorded pursuant to our adoption of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" before the redenomination of our share capital and the change in our presentation currency from sterling to U.S. dollars.

Interest expense increased \$4.0 million over 2004, the result of interest costs associated with the U.S. regulatory settlement payments made in 2005.

Business Realignment

Historically, AMVESCAP has operated as a collection of separate business units. Through the review of our operations, we determined that this operating model may in future impede us from fully realizing the benefits of our global strengths. We are working to align ourselves internally in ways that will allow us to take full advantage of our global platform. One result of this realignment is that we will no longer manage our business under the divisional structure. Since the review of our operations commenced late in 2005 and we only recently moved to our new alignment in 2006, we have presented our discussion of our operational and financial overview along the historical business unit format, as this is consistent with our business segmentation discussed in Note 5 to the Consolidated Financial Statements. In future disclosures, we expect to present the business under one operating segment, asset management, and will no longer segregate it under the historical business division format that is presented in this report.

B. Liquidity and Capital Resources

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

Cash flows for the years ended December 31, 2005 and 2004, are summarized as follows:

<i>\$ millions</i>	2005	2004
Cash flow from:		
Operating activities	469.1	205.4
Investing activities	30.9	(107.0)
Financing activities	(286.9)	(126.7)
Increase/(decrease) in cash and cash equivalents	213.1	(28.3)
Cash and cash equivalents, beginning of year	546.9	563.3
Foreign exchange	(5.3)	11.9
Cash and cash equivalents, end of year*	754.7	546.9

* Included in cash and cash equivalents are \$266.1 million (2004: \$290.3 million) of client cash and cash held to meet certain net capital requirements.

Operating Cash Flows

Operating cash flows are the result of receipts of investment management and other fees generated from AUM. The company participates in funding arrangements for the payment of certain mutual fund share sales commissions. Certain future revenue streams from asset-based and deferred redemption fees are sold by an external fund distribution entity to a bank at a purchase price equal to a percentage of the price at which each share of the fund is sold. Operating cash flows provide sources of funds to meet day-to-day operating expenses and future material commitments.

Investing Cash Flows

In our institutional business, we invest regularly as the general partner in collateralized debt obligation structures. During 2005, we invested \$13.5 million (2004: \$22.4 million) in new long-term capital investments and have committed \$90.3 million (2004: \$85.3 million) to fund our obligations under these programs at the end of December 2005. We received \$7.7 million (2004: \$0.3 million) in return of capital from such investments, including \$4.4 million of capital returned related to the closure of two funds during the year.

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During the fiscal years ended December 31, 2005 and 2004, our capital expenditures were \$38.2 million and \$51.6 million, respectively. These expenditures related in each year principally to technology initiatives, including new platforms from which we maintain our portfolio management systems and fund tracking 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.

Business acquisitions/disposals amounted to net inflows of \$53.6 million in 2005 (2004: net outflows of \$53.9 million). See Note 3 to the Consolidated Financial Statements for additional information related to this activity.

Financing Cash Flows

Dividends

Dividend payments in 2005 of \$134.1 million related to the interim dividend for 2005 and the final dividend from 2004 (2004: \$135.7 million). See Note 9 to the Consolidated Financial Statements for additional information regarding the dividend payments.

Our Board of Directors recommended, and our shareholders approved on April 27, 2006, a final dividend of 5.5p per share, approximately \$0.10 per share at an exchange rate of \$1.74 per £1.00 (2004: 5.0p per share), resulting in a total dividend of 9.5p in 2005 (2004: 7.5p). The final dividend from 2005 was paid on May 4, 2006. Future dividends will be declared in U.S. dollars.

The Board has a policy of managing dividends in a prudent fashion, with due consideration given to profit levels, covenant constraints and overall debt levels. Under the U.K. Companies Act, our ability to declare dividends is restricted to the amount of our distributable profits and reserves, which is the current and retained earnings of the Parent, on an unconsolidated basis. At December 31, 2005, distributable profits and reserves amounted to \$568.0 million.

Debt

Our total indebtedness at December 31, 2005 was \$1.2 billion. The debt proceeds have been used by the company to form part of the consideration paid for certain acquisitions and also for the integration of the acquired businesses over time. In December 2004, we completed a tender offer for \$320.5 million of our original \$400 million 6.6% senior notes. In May 2005, we repaid the \$79.5 million remaining on these notes. In December 2004, we issued and sold \$500 million in new senior notes: \$300 million of five-year notes with a coupon of 4.5% due in 2009 and \$200 million of 10-year notes with a coupon of 5.375% due in 2014. We also have outstanding \$10 million of our 6.875% notes due December 15, 2006, \$300 million of our 5.9% notes due 2007 and \$350 million of our 5.375% notes due 2013. The significant amount of indebtedness we carry could limit our ability to obtain additional financing, if needed, for working capital and other financial commitments.

On March 31, 2005, we entered into a new five-year \$900 million credit facility with a group of lenders, which matures during 2010. The company draws and repays its credit facility balances and utilizes the credit facility for working capital and other cash needs. The financial covenants under our new credit agreement include a leverage ratio of not greater than 3.25:1.00 (debt/EBITDA) and an interest coverage ratio of not less than 4.00:1.00 (EBITDA/interest payable for the four preceding consecutive fiscal quarters). The breach of any covenant would result in a default under the credit facility, which could lead to lenders (1) refusing to make further extensions of credit, and (2) requiring all balances under the credit facility, together with accrued interest and other fees, to be immediately due and payable. This credit facility also contains customary affirmative operating covenants and negative covenants that, among other things, restrict certain of our subsidiaries' ability to incur debt, transfer assets, merge, make loans and other investments and create liens. The coverage ratios, as defined in our credit facility, were as follows during 2005 and 2004:

2005	Q1	Q2	Q3	Q4
Debt/EBITDA	1.95	1.80	1.73	1.82
Coverage Ratio	8.00	7.58	7.53	8.13
2004	Q1	Q2	Q3	Q4
Debt/EBITDA	1.86	1.79	1.76	2.04
Coverage Ratio	8.91	9.66	9.51	8.42

Net debt (total debt less cash and cash equivalents balances, excluding client cash) at December 31, 2005, amounted to \$733.7 million, compared with \$1,125.2 million at December 31, 2004. Earnings before interest, taxes, depreciation, amortization, the Adjustments and certain non-cash and other items (EBITDA), as defined in our credit facility, were \$666.8 million, compared with \$649.4 million in the prior year. Changes in our net debt position in 2005 are shown below.

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<i>\$ millions</i>	2005	2004	Increase/(decrease)
Senior notes	1,152.2	1,230.6	(78.4)
Credit facility	70.0	151.0	(81.0)
Total Debt	1,222.2	1,381.6	(159.4)
Cash and cash equivalents, excluding client cash	(488.5)	(256.4)	(232.1)
Net Debt	733.7	1,125.2	(391.5)

We have received credit ratings of A3, BBB+, and BBB+ from Moody's, Standard & Poor's, and Fitch credit rating agencies, respectively. Although Standard & Poor's has a "negative" outlook for the rating, the other two agencies have a "stable" outlook. Material deterioration of key factors, as determined by each agency, could result in downgrades to our credit ratings, thereby limiting our ability to generate additional financing or receive mandates. Because credit facility borrowing rates are not tied to credit ratings, and interest rates on outstanding senior notes are fixed, there is no direct correlation between changes in ratings and interest expense of the company. However, management believes that investment grade ratings are an important factor in winning and maintaining institutional business and strives to manage the company to maintain such ratings.

Financial Commitments

Financial commitments are as follows (payments due by period):

<i>\$ millions</i>	Total	Within 1 year	1–3 years	3–5 years	More than 5 years
Total debt	1,222.2	10.0	299.4	367.9	544.9
Finance leases	0.1	0.1	—	—	—
Operating leases ⁽¹⁾	500.8	57.7	109.8	86.1	247.2
Defined benefit obligation	128.6	23.5	2.5	2.1	100.5
Acquisition provisions ⁽²⁾	49.2	17.4	31.8	—	—
Total	1,900.9	108.7	443.5	456.1	892.6

(1) Operating leases reflect obligations for leased building space and sponsorship and naming rights agreements.

(2) Acquisition provisions reflect retention payments and earn-out arrangements associated with business acquisitions. Earn-out payments are based upon asset-retention levels at the payment dates and conclude in March 2007. Any payments not made are reversed against the related goodwill balances.

Note: The financial commitments table above does not include amounts related to the acquisition of PowerShares, which was announced in January 2006 and is expected to close in the third quarter of 2006.

AMVESCAP maintains approximately \$31.1 million in letters of credit from a variety of banks. The letters of credit are generally one-year automatically-renewable facilities and are maintained for various reasons. Approximately \$30.3 million of the letters of credit support office lease obligations. Although we generally do not guarantee the obligations of our subsidiaries, we have provided regulators in the U.S. with such a guarantee for the banking entities within our business.

The company has not changed its financial instruments policies in the current year and does not hedge its operational foreign exchange exposures, except to the extent that the net assets of overseas subsidiaries were hedged by foreign currency borrowings (prior to the change in presentation currency from sterling to U.S. dollars on December 8, 2005). As a result, the company's financial statements may be impacted by movements in sterling, Canadian dollar and Euro exchange rates compared to the U.S. dollar. The company does not actively manage its currency exposures except as described in Note 27 to the Consolidated Financial Statements, which provides quantitative information about financial instruments.

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. Under EU regulatory capital requirements, investment firm groups are generally subject to consolidated supervision, which requires both individual regulated companies and the group of companies to meet regulatory capital requirements. After consultation with the FSA, it has been determined that, for purposes of prudential supervision, AMVESCAP PLC is not subject to regulatory consolidated capital requirements under current EU Directives. A sub-group of our European subsidiary companies is subject to these regulations, however, and we have provided commitments to the FSA that we will meet these requirements. Complying with those commitments may result in an increase in the capital requirements applicable to the European sub-group. Although we do not expect that recent changes in EU Directives will materially alter that position, the outcome will depend ultimately on how the new requirements are implemented into U.K. law, and we cannot guarantee that we will not face a regulatory capital shortfall, be required to limit distributions from certain subsidiaries or need to modify our operating group composition and structure in order to comply. See "Item 5. Operating and Financial Review and Prospects – Risk Factors," included elsewhere herein.

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The existing capital structure of the company, together with the cash flow from operations and borrowings under the credit facility, should provide the company with sufficient resources to meet present and future cash needs. We believe that our cash flow from operations and credit facilities, together with our ability to obtain alternative sources of financing, will enable us to meet debt and other obligations as they come due and anticipated future capital requirements.

C. Research and Development, Patents and Licenses, etc.

Not applicable.

D. Trend Information

These matters are discussed under Item 5A. and Item 5B. above where relevant.

E. Off-Balance Sheet Arrangements

Not applicable.

F. Tabular Disclosure of Contractual Obligations

These matters are discussed under Item 5B. above where relevant.

Risk Factors

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 continued 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 from time to time of assets under management. Assets under management may decline for various reasons. For any period in which revenues decline, our profits and profit margins 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 46% of our total assets under management were invested in equity securities and approximately 54% were invested in fixed income and other securities at December 31, 2005. The effect of market price declines will be compounded if the funds and accounts managed underperform the applicable market or segment.

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 AMVESCAP focuses; investors taking profits from their investments; poor investment performance of the funds and accounts managed by AMVESCAP; 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. During 2005, we experienced net outflows of approximately \$16.2 billion. 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 these lower fee accounts.

Our business is dependent on investment advisory agreements that 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 with mutual funds and other separate and private accounts. Investment management contracts are generally terminable upon thirty or fewer days' notice. With respect to agreements with U.S. mutual funds, these investment advisory agreements may be terminated by either party with notice, or terminated in the event of an "assignment" (as defined in the Investment Company Act of 1940, as amended), and must be approved and renewed annually by the disinterested members of each fund's board of directors or trustees, or its shareowners, as required by law. In addition, the board of trustees or directors of certain funds accounts of AMVESCAP 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 rate structures for any of a number of reasons, including investment performance, changes in prevailing interest rates and financial market performance. 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.

We may experience difficulties, delays or unexpected costs in achieving the anticipated benefits of our multi-year strategic initiative to move to an integrated global operating platform.

We have embarked upon a multi-year program designed to strategically realign our resources as an integrated global investment manager. This initiative, which is a key component of our global business strategy, will include increasing efficiency through a disciplined approach to employee staffing and compensation, discretionary spending and facilities management, transitioning to a functionalized enterprise support model (whereby our finance, human resources and legal and compliance functions are managed on a global departmental basis), and moving to a low cost operational processing and information technology structure. We are also taking steps to realign our management structures in order to focus on the core elements of our global business. We have announced that we expect these measures to result in operating expense reductions for 2006 of approximately \$120 million. We cannot assure you, however, that we will achieve this level of cost savings, in which case our efforts would not affect our profitability as positively as we expect. In addition, we may encounter difficulties, delays or unexpected costs in connection with these initiatives, which could result in our not realizing all or any of the anticipated benefits

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or in our incurring additional unbudgeted costs or experiencing lost opportunities. Further, we cannot predict whether we will realize expected benefits and improved operating performance as a result of any strategic realignment or streamlining of operations. We also cannot predict whether any such measures will adversely affect our ability to retain key employees, which in turn could adversely affect our operating results. In addition, we are subject to the risk of business disruption in connection with our initiatives, which could have a material adverse effect on our business, financial condition and operating results.

We operate in an industry that is highly regulated in the U.S. and numerous foreign countries, and any adverse changes in the regulations governing our business could decrease our revenues and profitability.

As with all investment management companies, our activities are heavily 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 our employees or us 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.

For example, changes have been made and others are proposed in EU regulatory capital requirements for regulated investment firms and banking groups. After consultation with the FSA, it has been determined that, for purposes of prudential supervision, AMVESCAP PLC is not subject to regulatory consolidated capital requirements under current EU Directives. A sub-group of our European subsidiary companies is subject to these regulations, however, and we have provided commitments to the FSA that we will meet these requirements. Complying with those commitments may result in an increase in the capital requirements applicable to the European sub-group. Although we do not expect that recent changes in EU Directives will materially alter that position, the outcome will depend ultimately on how the new requirements are implemented into U.K. law, and we cannot guarantee that we will not face a regulatory capital shortfall, be required to limit distributions from certain subsidiaries or need to modify our operating group composition and structure in order to comply.

Pending regulatory and legislative actions and reforms affecting the mutual fund industry may significantly increase our costs of doing business and/or negatively affect our revenues.

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.

Various governmental enforcement actions and investigations and ongoing civil litigation relating to certain practices in the mutual fund industry could adversely affect our assets under management and future financial results, and increase our costs of doing business.

AMVESCAP and certain related entities are subject to various legal proceedings arising from normal business operations and/or matters that have been the subject of previous regulatory actions. We have been named in civil lawsuits relating to a variety of issues, including but not limited to the previously-settled market timing investigations. AMVESCAP cannot predict the outcome of any of these actions with certainty but is vigorously defending them. Although there can be no assurances, at this time management believes, based on information currently available, 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 of the company. Nonetheless, the lawsuits and investigations described in “Note 26 to the Consolidated Financial Statements may adversely affect investor and/or client confidence, which could result in a decline in our assets under management. Any such decline in assets under management would have an adverse effect on future financial results and our ability to grow the business.

Additional lawsuits or regulatory enforcement actions may in the future be filed against AMVESCAP and related entities and individuals in the U.S. and other jurisdictions in which we operate. Any such future lawsuits or regulatory enforcement actions could result in a decline in assets under management, increase costs and negatively affect our profitability and future financial results.

Our investment management professionals 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 volatility of the markets has increased and the investment management industry has experienced growth. The

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market for investment managers is also increasingly characterized by the frequent movement of investment managers among different firms. The departure of a manager could cause the loss of client accounts, which could have a material adverse effect on the results of operations and financial condition of AMVESCAP. 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 a significant portion, either in quality or quantity, of our investment management personnel could reduce the attractiveness of our products to potential and current clients and could, therefore, have a material adverse effect on our revenues and profitability.

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, financing strength, the strength and continuity of institutional management and producer relationships, quality of service, the level of fees charged for services and the level of compensation paid and distribution support offered to financial intermediaries. We have already implemented certain fee reductions as part of the U.S. regulatory settlement and (for the period from and after July 1, 2005) additional voluntary reductions (principally in 12b-1 fees). We cannot assure you that we will not implement additional fee reductions in the future.

We compete in every market in which we operate with a large number of investment management firms, commercial banks, investment banks, broker-dealers, 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. The recent trend toward consolidation within the investment management industry has served to increase the strength of a number of our competitors. These strengthened competitors seek to expand their market share in many of the products and services we offer. If these competitors are successful, our profitability would 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 lines of business around the world, including major banks, insurance companies and other financial institutions, has also resulted in increased competition.

Demand for our mutual fund products may decline, harming our business.

The marketplace for investment products is rapidly changing: investors are becoming more sophisticated; the demand for and access to investment advice and information are becoming more widespread; and more investors are demanding investment vehicles that are customized to their personal situations. Consequently, the increasing availability of alternative product types, such as hedge funds, exchange traded funds and separate accounts, may result in a decline in the demand for our mutual fund products, which would adversely affect our business.

Our substantial indebtedness could adversely affect our financial position.

We have a significant amount of indebtedness. As of December 31, 2005, we had outstanding total debt of \$1,222.2 million, net debt of \$733.7 million and shareholders' funds of \$3.6 billion. The significant amount of indebtedness we carry could limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, increase our vulnerability to adverse economic and industry conditions, limit our flexibility in planning for, or reacting to, changes in our business or industry, and place us at a competitive disadvantage compared to our competitors that have less debt. 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 to be accelerated, we might not have sufficient assets to repay such amounts in full.

On March 31, 2005, we entered into a new five-year revolving credit facility that refinanced and replaced our existing one-year and five-year credit facilities. Our new credit facility requires us to maintain specified financial ratios, including maximum debt-to-earnings and minimum interest coverage ratios. This credit facility also contains customary affirmative operating covenants and negative covenants that, among other things, restrict certain of our subsidiaries' ability to incur debt and restrict our ability to transfer assets, merge, make loans and other investments and create liens. The breach of any covenant 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 to be accelerated, we might not have sufficient 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. Additionally, certain of the intermediaries upon whom we rely to distribute our investment products also sell their own competing proprietary funds and investment products, which could limit the distribution of our products. Additionally, if one of our major distributors were to cease their operations, it could have a significant adverse affect on our revenues and earnings. Moreover, any failure to maintain strong business relationships with these distribution sources would impair our ability to sell our products, which could have a negative effect on our level of assets under management, related revenues and overall business and financial condition.

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

The ability to consistently and reliably obtain securities pricing information, process client portfolio and fund shareowner transactions and provide reports and other customer service to the shareowners of funds and investors in other accounts managed by us is essential to our continuing success. Any delays or inaccuracies in obtaining pricing information, processing such transactions or such reports, other breaches and errors, and any inadequacies in other customer service, could result in reimbursement obligations or other liabilities, or alienate customers and potentially give rise to claims against us. Our customer service capability, as well as our ability to obtain prompt and accurate securities pricing information and to process transactions and reports, is highly dependent on communications and information systems and on third-party vendors. These systems could suffer 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. Other similar problems could occur from time to time due to human error.

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 may affect our reported financial results from one period to the next.

The majority of our net assets, revenues and expenses, as well as our assets under management, are presently derived from the United States, where the functional currency is the U.S. dollar. 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 may affect our reported financial results from one period to the next. We do not manage actively our exposure to such effects. Consequently, changes in exchange rates to the U.S. dollar could have a material negative impact on our reported financial results.

Holders of our American Depositary Shares are exposed to currency fluctuations that will affect the market price of their shares.

Currency fluctuations will affect the U.S. dollar equivalent of the U.K. pounds sterling price of the Ordinary Shares on the London Stock Exchange and, as a result, are likely to affect the market price of the American Depositary Shares on the New York Stock Exchange.

Holders of our Ordinary Shares are exposed to currency fluctuations that will affect the amount of cash dividends they will receive.

Cash dividends on Ordinary Shares have historically been declared in pounds sterling, but we have announced that future dividends will be declared in U.S. dollars. Therefore, although interim dividends are declared upon Board approval and recorded when paid, holders of our Ordinary Shares who have elected to continue to receive final dividend payments in sterling will be exposed to currency fluctuations from the date of declaration of the dividend (with respect to a particular year) to the date when U.S. dollars are converted to pounds sterling for distribution to such holders.

The carrying value of goodwill and certain investment balances on our balance sheet could become impaired, which would adversely affect our results of operations.

We have goodwill and investment balances on our balance sheet that are subject to an annual impairment review. Intangible assets and goodwill totaled \$4.3 billion at December 31, 2005. We may not realize the value of such investment balances and goodwill. We perform impairment reviews of the book values of goodwill and investments on a regular basis. 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 asset would occur, adversely affecting our results of operations for the period.

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Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Prior to April 2006, the Executive Management Committee (“EMC”) functioned as our chief executive officer’s principal management committee. From and after April 2006, the chief executive officer’s principal management committee consists of those persons named below who are identified as Senior Managing Directors. The EMC (which continues to function as an additional management forum) includes, in addition to those persons who are Senior Managing Directors, Ms. Kelley and Messrs. Graham, de Franssu, Lo and Ridley.

The following table identifies our current directors and members of senior management.*

Name	Age	Position
Rex D. Adams ^{a, b, c}	66	Chairman and Non-Executive Director
Sir John Banham ^{a, b, c}	65	Non-Executive Director
Joseph R. Canion ^{a, b, c}	61	Non-Executive Director
Kevin M. Carome	50	Senior Managing Director and General Counsel
Martin L. Flanagan ^b	45	President and Chief Executive Officer; Director
Jean-Baptiste de Franssu	42	Chief Executive Officer of INVESCO Continental Europe
Robert H. Graham	59	Vice Chairman, Board of Directors
Karen D. Kelley	46	Director of Cash Management of AIM Division
Denis Kessler ^{a, b, c}	54	Non-Executive Director
Edward Lawrence ^{a, b, c}	64	Non-Executive Director
Andrew Tak Shing Lo	44	Chief Executive Officer of INVESCO Asia Pacific
John “Jack” S. Markwalter, Jr.	46	Senior Managing Director and Chief Executive Officer of Private Wealth Division
Colin D. Meadows	35	Senior Managing Director and Chief Administrative Officer
J. Thomas Presby ^{a, b}	66	Non-Executive Director
David A. Ridley	53	Chief Executive Officer of INVESCO Real Estate
James I. Robertson	48	Senior Managing Director and Executive Vice President; Director
John D. Rogers	44	Senior Managing Director and Executive Vice President; Chief Executive Officer of INVESCO Division; Director
Loren M. Starr	44	Senior Managing Director and Chief Financial Officer
Philip A. Taylor	51	Senior Managing Director and Chief Executive Officer of AIM Investments and AIM Trimark
Mark H. Williamson	55	Senior Managing Director and Executive Vice President
Robert J. Yerbury	59	Senior Managing Director; Chief Executive Officer and Chief Investment Officer of INVESCO Perpetual

* None of our directors or members of senior management has any family relationship with any other director or member of senior management.

^a Member of the Audit Committee

^b Member of the Nomination and Corporate Governance Committee

^c Member of the Remuneration Committee

Rex D. Adams (66) Chairman and Non-Executive Director (U.S.A.)

Rex Adams became chairman of the company on April 27, 2006. He has served as a non-executive director of our company since November 2001 and for the time being also remains chairman of the Remuneration Committee. Mr. Adams was dean of the Fuqua School of Business at Duke University from 1996 to 2001 following a 30-year career with Mobil Corporation. He joined Mobil International in London in 1965 and served as vice president of administration for Mobil Corporation from 1988 to 1996. Mr. Adams received a B.A. magna cum laude from Duke University. He was selected as a Rhodes Scholar in 1962 and studied at Merton College, Oxford University. Mr. Adams serves on the Board of Directors of Alleghany Corporation and formerly served as chairman of the Public Broadcasting Service (PBS) and a trustee of Duke University.

Sir John Banham (65) Non-Executive Director (U.K.)

Sir John Banham has served as a non-executive director of our company since 1999 and is chairman of the Nomination and Corporate Governance Committee. Sir John was director general of the Confederation of British Industry from 1987 to 1992, a director of National Power and National Westminster Bank from 1992 to 1998, chairman of Tarmac PLC from 1994 to 2000,

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chairman of Kingfisher PLC from 1995 to 2001, chairman of Whitbread PLC from 2000 to 2005 and chairman of Geest plc from 2002 to 2005. He is currently the chairman of Johnson Matthey plc and Spacelabs Healthcare Inc. Sir John is a graduate of Cambridge University and has been awarded honorary doctorates by four leading U.K. universities.

Joseph R. Canion (61) Non-Executive Director (U.S.A.)

Joseph Canion has served as a non-executive director of our company since 1997 and was a director of AIM Investments from 1991 to 1997, when AIM merged with INVESCO. Mr. Canion has been a leading figure in the technology industry after co-founding Compaq Computer Corporation in 1982 and serving as its chief executive officer from 1982 to 1991. He also founded Insource Technology Group in 1992 and continues to serve as its chairman. Mr. Canion received a B.S. and M.S. in electrical engineering from the University of Houston. He is chairman of Questia Media, Inc. and of Insource Technology Corp., and is on the board of directors of BlueArc Corporation and the Houston Technology Center.

Kevin M. Carome (50) 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 A I M Management Group Inc. from 2003 to 2005. Prior to joining AIM, 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.

Martin L. Flanagan (45) President and Chief Executive Officer; Director (U.S.A.)

Martin Flanagan has served as president and chief executive officer, and a member of the Board of Directors of our company since August 2005. He came to our company from Franklin Resources, Inc. where he was president and co-chief executive officer from January 2004 to July 2005, 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. He began his investment management career at Templeton in 1983. Mr. Flanagan received a B.A. and BBA from Southern Methodist University (SMU). He is a chartered financial analyst and certified public accountant. He serves as current chairman of the Investment Company Institute and a member of the Executive Board at the SMU Cox School of Business.

Jean-Baptiste de Franssu (42) Chief Executive Officer of INVESCO Continental Europe (France)

Jean-Baptiste de Franssu has served as chief executive officer of INVESCO Continental Europe since 1999. He joined our company as managing director of INVESCO France in 1990 after four years as director of Groupe Caisse des Dépôts et Consignations in France. Mr. de Franssu is a graduate of the ESC Group in Rheims. He received a B.A. from Middlesex University in the U.K. and post-graduate actuarial degree from Pierre et Marie Curie University in Paris.

Robert H. Graham (59) Vice Chairman (U.S.A.)

Robert Graham has served as vice chairman of the Board of Directors of our company since February 2001, a director of our company since 1997, chief executive officer of the Managed Products Division from 1997 to 2001. Mr. Graham co-founded AIM Investments in 1976. Mr. Graham received a B.S., an M.S. and an MBA from the University of Texas at Austin and has been in the investment business since 1972. He has served as a member of the Board of Governors and the Executive Committee of the Investment Company Institute and currently serves as chairman of ICI Mutual Insurance Company.

Karen D. Kelley (46) Director of Cash Management of AIM Investments (U.S.A.)

Karen Dunn Kelley has served as director of cash management of AIM Investments since 2001. Ms. Kelley held positions at Drexel Burnham Lambert and Federated Investors Inc. before joining AIM as a money market portfolio manager in 1989 and becoming chief money market officer in 1992. She received a B.S. magna cum laude from Villanova University's College of Commerce and Finance.

Denis Kessler (54) Non-Executive Director (France)

Denis Kessler has served as a non-executive director of our company since March 2002. A noted economist, Mr. Kessler is chairman and chief executive officer of SCOR. He is chairman of the Boards of Directors of SCOR U.S. Corporation, SCOR LIFE U.S. Re Insurance Company and SCOR Reinsurance Company, and serves as a member of the Boards of Directors of Dexia SA, BNP Paribas SA, Bolloré Investissement SA, Dassault Aviation and Cogedim SAS. Mr. Kessler received a diplôme from the Paris Business School (HEC) and Doctorat d'État in economics from the University of Paris.

Edward P. Lawrence (64) Non-Executive Director (U.S.A.)

Edward Lawrence has served as a non-executive director of our company since October 2004. He is a partner at Ropes & Gray, a Boston law firm, where he also heads the investment committee of the firm's trust department. Mr. Lawrence is a graduate of Harvard College and earned a

J.D. from Columbia University Law School. He serves on the Board of the Attorneys' Liability Assurance Society, Ltd., is chairman of the Board of the Massachusetts General Hospital and is a trustee of Partners Healthcare System, Inc. in Boston and McLean Hospital in Belmont, MA.

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Andrew T.S. Lo (44) Chief Executive Officer of INVESCO Asia Pacific (China)

Andrew Lo has served as chief executive officer 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 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.

John “Jack” S. Markwalter Jr. (46) Senior Managing Director and Chief Executive Officer of Private Wealth Management Division (U.S.A.)

Jack Markwalter has served as chief executive officer and president of Atlantic Trust, the private wealth management division of AMVESCAP, since January 2005. He joined Atlantic Trust as head of business development in 2002 and has 20 years of experience in private wealth management, having previously worked at Morgan Stanley since 1986. Mr. Markwalter received a B.S. with highest honors from Georgia Institute of Technology and an MBA from Harvard Business School. Among numerous areas of community involvement, Mr. Markwalter serves on the Board of Trustees for the Georgia Tech Foundation, the Board of Trustees for Pace Academy and the Board of Directors for St. Joseph’s Hospital Mercy Foundation.

Colin D. Meadows (35) Senior Managing Director and Chief Administrative Officer (U.S.A.)

Colin Meadows joined our company as chief administrative officer in May 2006, with responsibility for business strategy, human resources, communications, facilities and internal audit. Mr. Meadows came to AMVESCAP from GE Consumer Finance where he was senior vice president of business development and mergers & 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.

J. Thomas Presby (66) Non-Executive Director (U.S.A.)

Thomas Presby has served as a non-executive director of our company since November 2005 and is chairman of our Audit Committee. Prior to his retirement in 2002, Mr. Presby was deputy chairman and chief operating officer with Deloitte Touche Tohmatsu. He is presently a director of Tiffany & Co., TurboChef Technologies, Inc., World Fuel Services, American Eagle Outfitters, FIRE Solutions, Inc. and The German Marshall Fund of the USA. He received a B.S. in electrical engineering from Rutgers and an M.S. in industrial administration from Carnegie Mellon University Graduate School of Business. Mr. Presby is a certified public accountant.

David A. Ridley (53) Chief Executive Officer of INVESCO Real Estate (U.S.A.)

David Ridley has served as chief executive officer of INVESCO Real Estate since its inception in 1983. He has extensive experience in the real estate asset class, having worked for over 30 years in the discipline. Mr. Ridley received a BBA in finance from the University of Texas at Austin. He holds key memberships within the real estate industry, including the Urban Land Institute, Pension Real Estate Association and National Association of Real Estate Investment Managers.

James I. Robertson (48) Senior Managing Director and Executive Vice President; Director (U.K.)

James Robertson has served as a member of the Board of Directors of our company since April 2004. 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 member of the Institute of Chartered Accountants of England and Wales.

John D. Rogers (44) Senior Managing Director and Executive Vice President; Director; and Chief Executive Officer of INVESCO Division (U.S.A.)

John Rogers has served as a member of the Board of Directors of our company since March 2005 and as chief executive officer of the INVESCO Division since January 2003. He joined the company as chief investment officer and president of INVESCO’s Tokyo office in 1994 and became chief executive officer and co-chief investment officer of INVESCO Global Asset Management (N.A.), Inc. in 1997. Mr. Rogers received a B.A. cum laude from Yale University and an M.A. from Stanford University. He is a chartered financial analyst.

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Loren M. Starr (44) Senior Managing Director and Chief Financial Officer (U.S.A.)

Loren Starr has served as senior vice president 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 and serves as vice chairman of the Association for Financial Professionals.

Philip A. Taylor (51) Senior Managing Director and Chief Executive Officer of AIM Investments and AIM Trimark (Canada)

Philip Taylor has served as chief executive officer of AIM Trimark since January 2002 and became chief executive officer of AIM Investments in April 2006. He joined AIM 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. Mr. Taylor received an Honors B. Comm. degree from Carleton University and an MBA from the Schulich School of Business at York University.

Mark H. Williamson (55) Senior Managing Director and Executive Vice President (U.S.A.)

Mark Williamson served as chief executive officer of the AIM Division from January 2003 to April 2006. He was chief executive officer of the Managed Products Division from February 2001 to December 2002 and chairman and chief executive officer of INVESCO Funds Group Inc. from 1998 to 2002. Mr. Williamson began his career at Merrill Lynch in 1976. He joined C&S Securities in 1985 and was named managing director in 1988. He became chairman and chief executive officer of NationsBank's mutual funds and brokerage subsidiaries in 1997. Mr. Williamson graduated from the University of Florida and is a former member of the Board of Directors of ICI Mutual Insurance Company and the Investment Company Institute. Mr. Williamson has announced that he will be retiring from AMVESCAP at year-end.

Robert J. Yerbury (60) Senior Managing Director; Chief Executive Officer & Chief Investment Officer of INVESCO Perpetual (U.K.)

Bob Yerbury has served INVESCO Perpetual as chief executive officer since September 2004 and as chief investment officer since October 1997. He began his investment career in 1969, initially as an analyst and later fund manager for Equity & Law Life Assurance Society, and joined our company in 1983. Mr. Yerbury has over 36 years of investment experience, holds an M.A. in mathematics from Cambridge University and is a Fellow of the Institute of Actuaries.

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B. Compensation

The table below sets forth compensation information for 2005 for our directors and members of our administrative, supervisory and management bodies. This table includes compensation for members of the EMC, since the EMC functioned during this period as our chief executive officer's principal management committee. (See "— Directors and Senior Management" above for information regarding the current function of the EMC.)

\$'000	Salary		Variable Compensation ^(a)		Benefits ^(c)		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Charles W. Brady ^(p)	566	566	9,000	1,175	62	58	9,628	1,799
<i>Chief Executive Officer:</i>								
Martin L. Flanagan ^(e)	329	—	13,750 ^(m)	—	121	—	14,200	—
<i>Executive Directors:</i>								
The Hon. Michael D. Benson ^(h)	162	654	2,212 ⁽ⁿ⁾	644	67	67	2,441	1,365
Robert H. Graham	500	500	—	112	47	44	547	656
Hubert L. Harris, Jr. ⁽ⁱ⁾	—	441	—	538	—	48	—	1,027
Robert F. McCullough ^(k)	—	137	—	142	—	16	—	295
James I. Robertson ^(l)	400	267	1,600	735	41	26	2,041	1,028
John D. Rogers ^(f)	417	—	1,333	—	33	—	1,783	—
	2,374	2,565	27,895	3,346	371	259	30,640	6,170
Members of the EMC not on the Board, as a group (12 persons) (2004: 12 persons)	4,473	3,995	15,463 ^(o)	8,868 ^(o)	512	385	20,448	13,248
<i>Non-Executive Directors:</i>								
Rex D. Adams	193	100	—	—	—	—	193	100
Sir John Banham ^(d)	186	119	—	—	—	—	186	119
Diane P. Baker ^(q)	—	25	—	—	—	—	—	25
Joseph R. Canion	160	100	—	—	—	—	160	100
Dr. Thomas R. Fischer ^{(d)(r)}	128	119	—	—	—	—	128	119
Denis Kessler ^(d)	178	119	—	—	—	—	178	119
Edward P. Lawrence	185	25	—	—	—	—	185	25
Bevis Longstreth ^{(b)(s)}	193	100	—	—	—	—	193	100
J. Thomas Presby ^(g)	21	—	—	—	—	—	21	—
Stephen K. West ^(j)	25	100	—	—	—	—	25	100
	1,269	807	—	—	—	—	1,269	807
	8,116	7,367	43,358	12,214	883	644	52,357	20,225

- (a) In 2005, approximately 8% of the variable compensation was paid into the GSP and used to purchase shares of the company on the open market. See "AMVESCAP Global Stock Plan (GSP)," included elsewhere herein.
- (b) A portion of compensation was deferred pursuant to the AMVESCAP Deferred Fees Share Plan.
- (c) Includes contributions for executive directors to a defined contribution pension plan as follows: C.W. Brady (2005 and 2004: \$21,000); M.L. Flanagan (2005: \$21,000, 2004: \$0); The Hon. M.D. Benson (2005 and 2004: \$65,000); R.H. Graham (2005 and 2004: \$29,000); H.L. Harris (2005: \$0, 2004: \$29,000); R.F. McCullough (2005: \$0, 2004: \$10,000); J.I. Robertson (2005: \$29,000, 2004: \$19,000); John Rogers (2005: \$25,000, 2004: \$0); other senior management as a group (2005: 12 persons, \$339,000, 2004: 12 persons, \$214,000). Our non-executive directors do not participate in any company-sponsored pension plan.
- (d) Includes \$18,000 for service on the INVESCO European Advisory Board for 2005.
- (e) Appointed August 1, 2005.
- (f) Appointed March 8, 2005.
- (g) Appointed November 17, 2005.
- (h) Resigned March 31, 2005.

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- (i) Served on Board until December 31, 2004.
- (j) Resigned April 28, 2005.
- (k) Resigned April 29, 2004.
- (l) Appointed April 29, 2004.
- (m) Variable compensation for Martin L. Flanagan includes a one-time “make whole” payment in respect of compensation and stock incentives foregone from his previous employment as a result of his accepting the chief executive officer position with AMVESCAP.
- (n) Payment made in respect of contractual obligations arising from termination of employment contract.
- (o) Sums include payments for termination of employment contracts amounting to \$2.4 million (2004: \$0.5 million).
- (p) Resigned chief executive officer position August 1, 2005; resigned from the Board of Directors April 27, 2006.
- (q) Resigned from the Board of Directors February 27, 2004.
- (r) Resigned from the Board of Directors April 27, 2006.
- (s) Resigned from the Board of Directors April 27, 2006.

See also “— E. Share Ownership” below for additional information concerning share-based compensation.

C. Board Practices

Non-executive Directors . Non-executive directors serve pursuant to letters of appointment which set out the terms and conditions of their appointment and their expected time commitment. Copies of the letters of appointment for non-executive directors are available for inspection at the Annual General Meeting and, upon request, during normal business hours. The form of non-executive directors’ letter of appointment is set forth in an exhibit to this Form 20-F. (See “Item 19. Exhibits” below.) Appointments are terminable by three months’ notice by either the company or the director.

The non-executive directors constitute a majority of the members of the Board. It is the Board’s policy that non-executive directors have no ongoing direct financial or contractual interests in the company other than their fees and shareholdings as disclosed in this report. Although the company permits non-executive directors to serve on the Board beyond their 70th birthday and after serving as directors for more than nine consecutive years, any director (whether executive or non-executive) over the age of 70 years or any non-executive director serving more than nine years is required to stand for re-election on an annual basis. It is the policy of the Board that directors should retire at the next Annual General Meeting following their having attained the age of 72 years.

The Board has determined that each non-executive director is “independent” of the company under the definitions of that term applicable under the United Kingdom’s Combined Code on Corporate Governance (the “Combined Code”), the Corporate Governance Rules of the NYSE and (solely with respect to each member of the Audit Committee and his membership therein) Exchange Act Rule 10A-3 (“Rule 10A-3”), respectively. The Board made this determination based upon its consideration of all facts and circumstances known to it, including the responses of each non-executive director to a questionnaire that set forth each element of the “independence” definitions prescribed by the NYSE and Rule 10A-3. The Board has also determined that, notwithstanding Mr. Presby’s simultaneous service on the audit committees of more than three public companies, his service on our Audit Committee is not impaired. In this connection, the Board considered the fact that board service constitutes substantially all of Mr. Presby’s current professional and business activities.

Executive Directors . Executive directors are employed under continuing contracts of employment that can be terminated by either party under notice provisions of up to one year. Executive directors’ compensation arrangements, including participation in the Executive Share Option Schemes and bonus arrangements, are determined by the Remuneration Committee, which consists solely of non-executive directors.

Chairman; Chief Executive Officer . The roles of chairman and chief executive officer were separated on August 1, 2005, upon the appointment of Mr. Martin L. Flanagan as chief executive officer. The separate Terms of Reference for each of the chairman and chief executive officer, which are published on the company Web site, came into effect at that date. At the conclusion of the Annual General Meeting on April 27, 2006, Mr. Brady retired from the Board and the position of chairman. The Board selected Mr. Adams to succeed Mr. Brady as chairman with effect from the same date. The Board also conferred upon Mr. Brady at that time the honorary title of “Chairman Emeritus.”

Audit Committee . The Audit Committee is chaired by J. Thomas Presby and consists of all of the non-executive directors of the company, each of whom has relevant financial experience. This committee is responsible for accounting and financial policies and controls being in place; ensuring that auditing processes are properly coordinated and work effectively; reviewing the scope and results of the audit and its cost effectiveness; and ensuring the independence and objectivity of the auditors, including the

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nature and amount of non-audit work supplied by the auditors. This committee has direct access to the auditors. The committee receives periodic reports from management and the auditors on the system of internal controls and significant financial reporting issues. The company's general counsel, global compliance director and head of internal audit regularly report to the Audit Committee on significant matters affecting their areas of responsibility.

The Audit Committee pre-approves the audit and any non-audit services performed by the independent auditor to assure that the auditor's independence is not impaired. The Audit Committee does not favor having its independent auditors perform material levels of non-audit services, and a non-audit service is not approved unless the Audit Committee concludes that performance of such service by the auditor will serve the company's interests better than performance of such service by other providers. The Audit Committee ensures that such services are consistent with applicable national rules on auditor independence. The Audit Committee Terms of Reference are available on the company Web site.

Remuneration Committee. The Remuneration Committee continues for the time being to be chaired by Rex Adams and consists of all of the non-executive directors of the company. This committee determines specific remuneration packages for each executive director and certain members of senior management (which heretofore have included the members of the Executive Management Committee). The committee also addresses remuneration issues that affect the interests of shareholders, including share option plans and performance-linked remuneration arrangements.

Nomination and Corporate Governance Committee . The Nomination and Corporate Governance Committee is chaired by Sir John Banham, the senior independent director, and consists of all of the independent directors of the company and the chief executive officer. The committee is responsible for leading the process for Board appointments and making recommendations to the Board in relation to the corporate governance of the Parent. Specifically, the committee is responsible for identifying individuals qualified to serve on the Board and recommending director nominees to the Board, taking into account the necessary skills and expertise which may be required by the company. Candidates for election to the Board are considered in light of their background and experience using the extensive personal knowledge of current directors or through the recommendations of various advisors to the company. It is also responsible for developing and recommending to the Board a set of corporate governance policies and principles in accordance with good practice and periodically re-evaluating such policies and reviewing their implementation. Further, the committee conducts an annual evaluation of the performance of the Board and of its own performance.

D. Employees

As of December 31, 2005, we employed 5,798 people, of whom approximately 73% were located in North America. See "Item 4. Information on the Company—Business Overview," included elsewhere herein, for a breakdown of headcount by operating group as of December 31, 2005. As of December 31, 2004 and 2003, we employed 6,693 and 6,747 people, respectively. The decreases in headcount were due to reductions in force we made during those years. None of our employees is covered under collective bargaining agreements.

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E. Share Ownership

Ownership of Ordinary Shares

The following table discloses, as of February 28, 2006 (unless otherwise indicated), holdings of Ordinary Shares by our directors and senior management:

	Ordinary Shares ⁽¹⁾	Percent of Outstanding Ordinary Shares ⁽⁶⁾
Charles W. Brady ^{(2)(a)}	6,030,782	*
Rex D. Adams	38,669	*
Sir John Banham	14,071	*
Joseph R. Canion ⁽³⁾	8,571	*
Kevin M. Carome ⁽²⁾	129,316	*
Dr. Thomas R. Fischer ^(b)	—	*
Jean-Baptiste de Franssu ⁽²⁾	805,338	*
Martin L. Flanagan ⁽²⁾	5,506,850	*
Robert H. Graham ^(2,4)	26,098,225	3.18%
Karen D. Kelley ⁽²⁾	1,630,648	*
Denis Kessler	8,771	*
Edward P. Lawrence	11,571	*
Andrew Tak Shing Lo ⁽²⁾	441,296	*
Bevis Longstreth ^{(3,5) (c)}	77,011	*
John S. Markwalter ⁽²⁾	238,307	*
J. Thomas Presby	774	*
David A. Ridley ⁽²⁾	141,655	*
James I. Robertson ⁽²⁾	1,427,041	*
John D. Rogers ⁽²⁾	1,166,483	*
Loren M. Starr ⁽²⁾	450,000	*
Philip A. Taylor ⁽²⁾	316,082	*
Mark H. Williamson ^{(2) (d)}	461,058	*
Robert J. Yerbury	579,589	*

* Less than 1%.

- (1) Ordinary Shares include (i) shares held as American Depositary Shares, and (ii) options and other rights to purchase Ordinary Shares held by such individuals that are exercisable within 60 days, as further described in note (6) to this table. For information regarding ownership of stock options, see “Options to Purchase Securities from AMVESCAP,” included elsewhere herein. The shares identified in this table do not have different voting rights from any other Ordinary Shares.
- (2) Excludes (a) interests of Messrs. Brady, Carome, de Franssu, Flanagan, Graham, Ms. Kelly, Lo, Markwalter, Ridley, Robertson, Rogers, Starr, Taylor and Williamson in the AMVESCAP Global Stock Plan as set forth in the section entitled “AMVESCAP Global Stock Plan,” included elsewhere herein, and in the AMVESCAP Executive Share Option Schemes as set forth in the section entitled “Options to Purchase Securities from AMVESCAP,” included elsewhere herein; and (b) interests of Messrs. Brady, Ridley, Robertson, Rogers and Williamson in Ordinary Shares held in the ESOP, as set forth in the section entitled “INVESCO Employee Stock Ownership Plan,” included elsewhere herein.
- (3) Excludes interests in 11,564 and 90,058 Ordinary Shares held by Messrs. Canion and Longstreth, respectively, pursuant to the AMVESCAP Deferred Fees Share Plan.
- (4) Includes 24,668,653 Ordinary Shares owned by a limited partnership of which Mr. Graham is the managing general partner.
- (5) Represents shares held by a limited partnership of which Mr. Longstreth is a general partner.
- (6) In computing percentage ownership (i) as required by General Instruction F to Form 20-F, each person is also considered to be the “beneficial owner” of securities that such person has the right to acquire within 60 days by option or other agreement, including by exchange of Exchangeable Shares, and (ii) all shares described in (i) immediately above are, as to such beneficial owner, deemed outstanding; these shares, however, are not deemed outstanding for purposes of computing the percentage ownership of any other person.

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- (a) Resigned chief executive officer position August 1, 2005; resigned from the Board of Directors April 27, 2006.
- (b) Resigned from the Board of Directors April 27, 2006.
- (c) Resigned from the Board of Directors April 27, 2006.
- (d) Mr. Williamson has announced that he will be retiring at the end of 2006.

The table below is a summary, as of December 31, 2005, of share awards outstanding under the company's non-retirement share-based payment programs. Details relating to each program, including directors' interests therein, follow the table.

	<u>Total</u>	<u>Fully Vested at 12/31/2005</u>	<u>Lapsed Q1 2006</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Share Option										
Awards :										
Time Vested:										
Exercise Price										
25p – 200p	1,510,649	1,510,649	—	—	—	—	—	—	—	—
201p – 400p	5,413,420	5,140,748	—	272,672	—	—	—	—	—	—
401p – 500p	15,486,332	15,486,332	—	—	—	—	—	—	—	—
501p – 600p	5,254,030	5,254,030	—	—	—	—	—	—	—	—
601p – 800p	9,822,487	9,822,487	—	—	—	—	—	—	—	—
801p – 1000p	12,935,726	12,935,726	—	—	—	—	—	—	—	—
1001p – 1200p	12,139,392	12,139,392	—	—	—	—	—	—	—	—
1201p – 1700p	1,145,225	1,145,225	—	—	—	—	—	—	—	—
Subtotal Time Vested	<u>63,707,261</u>	<u>63,434,589</u>	<u>—</u>	<u>272,672</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Performance Vested:										
Exercise price										
201p – 400p	23,925,827	—	—	10,744,458	12,943,294	238,075	—	—	—	—
401p – 500p	<u>41,126,133</u>	<u>—</u>	<u>31,601,109</u>	<u>3,321,056</u>	<u>206,000</u>	<u>5,997,968</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Subtotal Performance Vested	<u>65,051,960</u>	<u>—</u>	<u>31,601,109</u>	<u>14,065,514</u>	<u>13,149,294</u>	<u>6,236,043</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Share Options	<u>128,759,221</u>	<u>63,434,589</u>	<u>31,601,109</u>	<u>14,338,186</u>	<u>13,149,294</u>	<u>6,236,043</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Sharesave Awards	<u>3,554,194</u>	<u>195,109</u>	<u>—</u>	<u>1,322,682</u>	<u>1,101,965</u>	<u>819,948</u>	<u>114,490</u>	<u>—</u>	<u>—</u>	<u>—</u>
Global Stock Plan										
Awards:										
LTIP Awards										
Time Vested Award										
Date										
2002	15,250,000	1,000,000	—	1,000,000	5,083,333	4,083,334	4,083,333	—	—	—
2004	12,500,000	83,333	—	166,667	2,875,000	3,166,666	3,708,333	1,291,667	916,667	291,667
2005	150,000	—	—	—	—	50,000	50,000	50,000	—	—
Total LTIP Awards	<u>27,900,000</u>	<u>1,083,333</u>	<u>—</u>	<u>1,166,667</u>	<u>7,958,333</u>	<u>7,300,000</u>	<u>7,841,666</u>	<u>1,341,667</u>	<u>916,667</u>	<u>291,667</u>
Restricted Stock										
Awards										
Time Vested Award										
Date										
2005	<u>4,974,930</u>	<u>—</u>	<u>—</u>	<u>675,000</u>	<u>675,000</u>	<u>2,949,930</u>	<u>675,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Performance Vested										
Award Date										
2005	<u>5,017,816</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,017,816</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Restricted Stock Awards	<u>9,992,746</u>	<u>—</u>	<u>—</u>	<u>675,000</u>	<u>675,000</u>	<u>7,967,746</u>	<u>675,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

Note: Certain Global Stock Plan deferred share awards are not included in the table above, as these awards are cash awards that are satisfied with purchases of shares on the open market.

Share Options

The Remuneration Committee considers it necessary to retain a share option plan as part of the company's executive compensation arrangements. Due to the new accounting expense treatment associated with share options, the committee determined that the 2005 stock incentive arrangements could be delivered more effectively to employees through the use of performance-based deferred or restricted stock grants under the GSP. In accordance with our philosophy of pay-for-performance and the treatment of compensation arrangements under

new accounting rules, the company therefore currently intends to place

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less emphasis on share option awards in future years. During the year, no members of senior management received any share option awards, although some share options were awarded to employees in connection with promotions. No director exercised any share options during the year.

AMVESCAP maintains two option plans: the AMVESCAP 2000 Share Option Plan (the “2000 Share Option Plan”) and the AMVESCAP No. 3 Executive Share Option Scheme (the “No. 3 Executive Share Option Scheme”). AMVESCAP has not made any awards under the latter plan since April 2003. Awards of options under the No. 3 Executive Share Option Scheme were not subject to performance conditions. The No. 3 Executive Share Option Scheme operates under a trust arrangement with an independent trustee (the “share option trust”). The 2000 Share Option Plan was approved by shareholders in April 2000, and all options under this plan were subject to the satisfaction of performance conditions. Since November 2002, the exercise of share options awarded under this plan have been subject to the satisfaction of the performance conditions described further below. Options to acquire shares under the share option plans are granted at the closing market price preceding the date of grant, and such options generally become and remain exercisable between the third and tenth anniversaries of the date of the grant. Such options are awarded entirely on merit, assessing personal achievements and targets and the company’s performance during the year. We do not make individual option awards as a single large block. Awards are also made to individuals to take into account promotions within the company’s partnership structure.

Shares utilized by the No. 3 Executive Share Option Scheme for the share option plans are held in the share option trust, which acquires shares in the market utilizing loans provided by the company. The trustee also has the right to acquire shares by subscription from the company to the extent that insufficient shares are held in the trust to cover grants of options. A total of 44,562,587 shares were under option in these schemes at December 31, 2005, to 805 participants at exercise prices between 244p and 1680p per share. On February 28, 2006, the trustee held a total of 19,263,615 ordinary shares and held rights from the company to subscribe for a further 44.6 million ordinary shares. The No. 3 Executive Share Option Scheme has been in existence since 1987 and contains no performance conditions attaching to either the grant or exercise of options.

The AMVESCAP 2000 Share Option Plan, as approved by shareholders on April 26, 2000, permits the company to make up to 10.5% of its issued share capital available for grant of options over a seven-year period, subject to satisfying certain performance conditions. The committee has determined that the best criteria of performance are ones that measure growth in EPS. The performance targets for the plan for options granted after November 2002 provide that an option granted to an eligible employee may be exercised only if EPS since the date of the award have grown by a 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 as follows:

Percentage growth	Percent of options
	exercisable
Below 12%	0%
12%–13%	80%
13%–14%	85%
14%–15%	90%
Over 15%	100%

AMVESCAP considers that growth in earnings per share targets for performance conditions are the most appropriate and consistent measure of its success.

On December 30, 2005, the Parent made a grant of options under the 2000 Share Option Plan with respect to 6 million shares at an option exercise price of 442.75p per ordinary share to 169 employees, none of whom were members of senior management. These options will vest after three years if the above performance conditions are satisfied; otherwise, the options will lapse.

On November 21, 2002, the Parent made an option award under the 2000 Share Option Plan of approximately 40 million ordinary shares to 1,393 employees, which options were subject to the performance conditions described above. Following the publication of the company’s results for the 2005 year on February 7, 2006, the committee concluded that the performance conditions applicable to these options had not been met and the approximately 31 million options remaining have accordingly lapsed. These options have not been replaced.

The share options granted under the 2000 Share Option Plan December 2003 and December 2004 are only exercisable upon the satisfaction of the performance criteria described elsewhere in this report.

At December 31, 2005, the market price of an AMVESCAP ordinary share was 442p. The ordinary shares traded on the London Stock Exchange at a high of 446.75p and a low of 299.5p during 2005.

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AMVESCAP Global Stock Plan (“GSP”)

The GSP is a remuneration plan for employees. There were approximately 450 participants in the GSP as of December 31, 2005. Historically, awards under the GSP consisted of deferred share awards (commonly referred to as GSP Awards) and deferred long-term awards (commonly referred to as LTIP Awards). GSP Awards constitute profit-linked variable compensation and are paid annually into a discretionary employee benefit trust, which purchases ordinary shares of the Company in the open market in order to fund awards of deferred or restricted stock to participants. Approximately one-half of the GSP Awards issued in 2005 awards will vest on the expiration of three years from December 31, 2005. Vesting of the balance of such awards is subject to the attainment of cumulative EPS growth targets reflecting a compound annual growth rate of between 10% and 15% per annum during a three-year period. (These targets are identical to the performance targets described below in respect of the performance-vested restricted stock award to Mr. Flanagan.) Notwithstanding the above, all of the GSP Awards issued during 2005 to members of the Executive Management Committee are subject to the company attaining the described EPS growth rates.

The trust held 29,436,666 ordinary shares on December 31, 2005, and 30,376,338 ordinary shares on February 28, 2006, including 21,168,590 ordinary shares at December 31, 2005, and 22,093,590 on February 28, 2006, to partially cover the obligations arising under the LTIP Awards described below.

LTIP Awards were first issued under the GSP on December 1, 2002, to retain and motivate key executives and the next generation of management of the company and to ensure future succession in the business. With the exception of Mr. Robertson and Mr. Rogers, who were LTIP participants prior to their appointment to the Board, no other directors of the company receive LTIP Awards. Individual LTIP Awards range in size up to a maximum of 1,500,000 ordinary shares and vest in installments of one-third in each of the last three years of the term set by the Remuneration Committee (maximum seven years). LTIP Awards are funded with shares purchased from time to time in the open market. Shares allocated under the LTIP Awards are distributed to the key executives at the end of the respective vesting periods, unless the individual elects to defer distribution until retirement or termination of employment.

During 2004 and 2005, the GSP was amended to allow for more flexibility in determining the vesting conditions of awards issued under the GSP.

U.K. Sharesave Scheme

The company operates a sharesave plan under which eligible U.K.-based employees may save up to £250 per month for a period of three years. Options awarded under this plan may be exercised at the end of the contract period, or alternatively the employee may have his or her - savings returned. At December 31, 2005, there were 429 participants in the plan whose aggregate savings relating to the duration of their contract periods would result in the issuance by the Parent of 1,061,890 ordinary shares.

International Sharesave Plan

The International Save As You Earn Option Plan for non-U.K. employees of AMVESCAP entitles participants to save up to £250 per month for a contract period of up to 48 months. Options awarded under this plan may be exercised at the end of the contract period or alternatively the employee may have his or her savings returned. On December 31, 2005, there were 1,867 participants in the plan whose aggregate savings relating to the duration of their contract periods would result in the issuance by the Parent of a total of 2,471,000 ordinary shares.

Share Incentive Plan

The company has operated an Inland Revenue-approved All Employee Share Incentive Plan from 2002 onwards. At December 31, 2005, there were 142 participants saving £10 – £125 per month.

Employee Share Ownership Plan (“ESOP”)

The company sponsors an ESOP for certain of its U.S.-based employees. The ESOP is a leveraged employee stock ownership plan designed to invest primarily in AMVESCAP ordinary shares. The plan was closed to further participants effective January 1, 2000.

Mr. Brady, Mr. Robertson and Mr. Rogers are also participants in the ESOP, a retirement plan established for the benefit of employees in North America, and are accordingly deemed to be interested in the ordinary shares held by the trustees of the ESOP. On December 31, 2005, the trustees of the ESOP held 6,384,328 shares, and on February 28, 2006, they held 6,299,355 ordinary shares.

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Direct interests of members of our Board in shares held within the GSP and the ESOP (excluding restricted stock awards for Martin L. Flanagan and Loren M. Starr described in the Report of the Board on Remuneration) are shown in the table below:

Name	February 28, 2006	
	GSP	ESOP
Charles W. Brady	733,590	—
Robert H. Graham	28,750	—
James I. Robertson	26,822	13,763
John D. Rogers	127,660	32,407

Mr. Canion and Mr. Longstreth had interests in 11,564 and 86,344 ordinary shares, respectively, at December 31, 2005, as a result of their participation in a deferred director fee arrangement. On February 28, 2006, Mr. Canion and Mr. Longstreth had interests in 11,564 and 90,058 ordinary shares, respectively.

During 2005, the company purchased and maintained directors' and officers' liability insurance as permitted by Section 310 of the Companies Act.

The table below is a summary of outstanding share and Sharesave options to acquire Ordinary Shares held by our executive directors and senior management as of February 28, 2006. As of February 28, 2006, none of our non-executive directors had outstanding options to acquire Ordinary Shares.

Name	Number of Shares	Option Exercise Price	Expiration Date
Charles W. Brady			Nov 2006
			Nov 2007
			Dec 2008
			Dec 2009
	500,000	244.0p	
	100,000	422.5p	Nov 2010
	250,000	432.0p	
	500,000	660.0p	Dec 2011
	200,000	1100.0p	
	300,000	950.0p	Dec 2013
Kevin M. Carome	200,000	374.0p	
	200,000	319.25p	Dec 2014
			Apr 2013
	77,907	322.0p	Dec 2013
	50,000	374.0p	
Jean-Baptiste de Franssu	97,644	319.25p	Dec 2014
			Nov 2006
			Nov 2007
			Jun 2008
			Oct 2008
	200,000	244.0p	Dec 2009
	50,000	422.5p	
	2,124	319.0p	Nov 2010
	25,000	416.0p	
	25,000	660.0p	Dec 2011
	45,000	1100.0p	
	150,000	950.0p	Dec 2013
	50,000	374.0p	
Robert H. Graham	50,000	319.25p	Dec 2014
	100,000	422.5p	Nov 2007
	200,000	432.0p	

Karen D. Kelley				Dec 2008
				Dec 2009
				Nov 2010
	250,000	660.0p		Dec 2011
	100,000	1100.0p		
	150,000	950.0p		Dec 2013
	100,000	374.0p		
	100,000	319.25p		Dec 2014
				Oct 2008
				Dec 2009
				Nov 2010
	60,000	416.0p		
	25,000	660.0p		Dec 2011
	30,000	1100.0p		
	66,000	950.0p		Dec 2013
	50,000	374.0p		
	100,000	319.25p		Dec 2014
				Nov 2007
Andrew Tak Shing Lo				Oct 2008
				Dec 2009
				Nov 2010
	50,000	422.5p		
	25,000	416.0p		
	25,000	660.0p		Dec 2011
	42,500	1100.0p		
	150,000	950.0p		Dec 2013
	50,000	374.0p		
	50,000	319.25p		Dec 2014

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John S. Markwalter, Jr.			Aug 2006
			Nov 2007
	320		
	1,822		Feb 2012
	127,916	311.0p	
		319.0p	Dec 2013
	40,000	897.0p	
	100,000	374.0p	Feb 2014
		400.5p	
	100,000	319.25p	Dec 2014
David A. Ridley			Dec 2009
			Nov 2010
		660.0	
	25,000	1100.0p	Dec 2011
	40,000	p	
	25,000	950.0p	Dec 2013
	89,134	374.0p	
	100,000	319.25p	Dec 2014
James I. Robertson			Nov 2006
			Nov 2007
	200,000		
	50,000		Oct 2008
	75,000	244.0	Dec 2009
	150,000	422.5p	
		416.0p	Nov 2010
	100,000	660.0p	
		1100.0p	Dec 2011
	150,000	p	
		950.0p	Dec 2013
	50,000	374.0p	
	100,000	319.25p	Dec 2014
John D. Rogers			Nov 2006
			Nov 2007
	200,000		
	50,000	244.0	Oct 2008
	25,000	422.5p	Dec 2009
	25,000	416.0p	
	100,000	660.0p	Nov 2010
		1100.0p	
	150,000	p	Dec 2011
		950.0p	
	50,000	374.0p	Dec 2013
	100,000	319.25p	Dec 2014
Philip A. Taylor		319.0	Jun 2008
	2,133	512.5	Aug 2009
	48,100	543.5p	
	5,000	660.0p	Aug 2009
	25,000	1158.0p	
	34,425	p	Dec 2009
	25,000	1100.0p	
	89,400	p	Aug 2010
	100,000	950.0p	
		374.0p	Nov 2010
	100,000	319.25p	

				Dec 2011
				Dec 2013
				Dec 2014
Mark H. Williamson	100,000			Oct 2008
	100,000			Dec 2009
		416.0		Nov 2010
	100,000	660.0p		
		1100.0p		Dec 2011
	150,000	p		
		950.0p		Dec 2013
	50,000	374.0p		
	100,000	319.25p		Dec 2014
Robert J. Yerbury				Mar 2009
		1366.0		
	68,798	p		Dec 2011
	25,000	950.0p		
	47,561	1440.0p		Feb 2011

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Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table discloses, as of February 28, 2006, the number of Ordinary Shares beneficially owned by each person whom we know to be a beneficial owner of 3% or more of our outstanding Ordinary Shares:

	Shares Beneficially Owned and Percentage of Class	
	Ordinary Shares ⁽¹⁾	Percent of Outstanding Ordinary Shares ⁽²⁾
Franklin Resources Inc., and its affiliates	73,062,316 ⁽³⁾	8.91
Robert H. Graham	26,098,225	3.18
Legal and General Investment Management	25,453,221	3.10

- (1) Ordinary Shares include shares held as American Depositary Shares. In computing the number of shares beneficially owned by a person, as required by General Instruction F to Form 20-F, each person is also considered to be the “beneficial owner” of securities that such person has the right to acquire within 60 days by option or other agreement, including by exchange of Exchangeable Shares.
- (2) In computing percentage ownership (i) as required by General Instruction F to Form 20-F, each person is also considered to be the “beneficial owner” of securities that such person has the right to acquire within 60 days by option or other agreement, including by exchange of Exchangeable Shares, and (ii) all shares described in (i) immediately above are, as to such beneficial owner, deemed outstanding; these shares, however, are not deemed outstanding for purposes of computing the percentage ownership of any other person.
- (3) Holdings of Franklin Resources, Inc. and its affiliates which includes Franklin Mutual Advisors, LLC and Templeton Worldwide, Inc. and its affiliates.

Major shareholders do not have different voting rights from owners of less than 3% of our Ordinary Shares.

A total of 820,072,632 Ordinary Shares were issued and outstanding on February 28, 2006, of which 5,667,482 Ordinary Shares were held of record by holders in the U.S. (excluding shares held in American Depositary Receipt form) and 50,619,706 Ordinary Shares were represented by American Depositary Shares evidenced by American Depositary Receipts issued by the Depositary. On February 28, 2006, the number of holders of record of the Ordinary Shares was 12,277, the number of holders of record of Ordinary Shares in the U.S. was 108 and the number of registered holders of the American Depositary Shares was 42. Because certain of these Ordinary Shares and American Depositary Shares were held by brokers or other nominees, the number of holders of record or registered holders in the U.S. is not representative of the number of beneficial holders in the U.S. or of the residence of the beneficial holders.

We are not directly or indirectly owned or controlled by any other corporations, foreign governments or other persons. We are not aware of any arrangement the operation of which might result in a change in control of the company.

B. Related Party Transactions

None.

C. Interests of Experts and Counsel

Not Applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See “Item 17. Financial Statements” for our Consolidated Financial Statements.

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Legal Proceedings

See Note 26 to our Consolidated Financial Statements.

In the normal course of its business, AMVESCAP is subject to various litigation matters. Although there can be no assurances, at this time management believes, based on information currently available, 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 of the company.

Dividend Distributions

For information on our policy regarding dividend distributions, see “Item 3. Key Information—Dividends,” and “Item 10. Additional Information,” included elsewhere herein.

B. Significant Changes

No significant change in our financial information has occurred since the date of our annual financial statements included in this Form 20-F.

Item 9. The Offer and Listing

Nature of Trading Market and Price History

Our Ordinary Shares are listed on the Official List of The U.K. Listing Authority and are traded on the London Stock Exchange under the symbol “AVZ.”

Our American Depositary Shares are listed for trading on the NYSE also under the symbol “AVZ.” Each of our American Depositary Shares represents the right to receive two Ordinary Shares deposited with The Bank of New York (the “Depositary”). The Depositary issues American Depositary Receipts, which may represent any number of American Depositary Shares. We furnish the Depositary with annual reports containing a review of operations, audited consolidated financial statements prepared in accordance with IFRS and an opinion on the Consolidated Financial Statements by our independent auditors. We also furnish the Depositary with semi-annual reports containing unaudited interim consolidated financial information prepared in accordance with IFRS. The Depositary arranges for the mailing of our reports to all record holders of American Depositary Shares. In addition, we furnish the Depositary with copies of all notices of shareholders’ meetings and other reports and communications that are distributed generally to our shareholders, and the Depositary arranges for the mailing of such notices, reports and communications to all record holders of American Depositary Shares.

We also have Exchangeable Shares which were issued by one of our subsidiaries and are listed for trading on The Toronto Stock Exchange. Voting rights of holders of Exchangeable Shares and a description of the Exchangeable Shares are set forth in “Item 10. Additional Information—Memorandum and Articles of Association—Rights attaching to our shares,” below.

Our 5.900% Senior Notes due 2007, our 4.500% Senior Notes due 2009, our 5.375% Senior Notes due 2013 and our 5.375% Senior Notes due 2014 are listed on the Luxembourg Stock Exchange.

The following table sets forth, for the periods indicated, the high and low reported sale prices for the Ordinary Shares on the London Stock Exchange, based on its Daily Price Official List, and the high and low reported sale prices for the American Depositary Shares on the NYSE.

		Ordinary Shares		American Depositary Shares ⁽¹⁾	
		High	Low	High	Low
May	2006	617.50p	486.00p	\$ 23.01	\$ 19.14
April	2006	633.00p	519.50p	\$ 22.48	\$ 18.38
March	2006	581.00p	500.75p	\$ 20.33	\$ 17.94
February	2006	568.00p	496.75p	\$ 19.57	\$ 17.70
January	2006	518.00p	438.50p	\$ 18.45	\$ 15.87
December	2005	449.75p	394.00p	\$ 15.87	\$ 14.08

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		Ordinary Shares		American Depositary Shares ⁽¹⁾	
		High	Low	High	Low
First Quarter	2006	581.00p	438.50p	\$ 20.33	\$ 15.87
Fourth Quarter	2005	446.75p	325.00p	\$ 15.87	\$ 11.58
Third Quarter	2005	434.00p	330.50p	\$ 15.47	\$ 12.14
Second Quarter	2005	347.75p	293.00p	\$ 12.86	\$ 11.21
First Quarter	2005	372.75p	305.75p	\$ 14.06	\$ 11.73
Fourth Quarter	2004	339.00p	269.75p	\$ 12.69	\$ 10.30
Third Quarter	2004	381.50p	257.50p	\$ 13.77	\$ 9.81
Second Quarter	2004	433.50p	331.00p	\$ 15.84	\$ 12.20
First Quarter	2004	464.00p	390.50p	\$ 17.28	\$ 14.80

		Ordinary Shares		American Depositary Shares ⁽¹⁾	
		High	Low	High	Low
2005		446.75p	293.00p	\$ 15.87	\$ 11.21
2004		464.00p	257.50p	\$ 17.28	\$ 9.81
2003		570.00p	231.00p	\$ 18.04	\$ 7.92
2002		1,120.00p	239.00p	\$ 31.10	\$ 7.98
2001		1,620.00p	530.00p	\$ 47.25	\$ 17.90

- (1) American Depositary Share prices have been adjusted to reflect the change in the Ordinary Share per American Depositary Share ratio to two Ordinary Shares per one American Depositary Share effected on November 8, 2000.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

AMVESCAP PLC is registered in England and Wales under the number 308372. Our Memorandum of Association provides that our principal objects are, among other things, to carry on the business of an investment holding company and to subscribe for, purchase or otherwise acquire and hold shares, debentures or other securities of any other company or body corporate and to acquire and undertake the whole or any part of the business, property and liabilities of any company or body corporate carrying on any business and to sell or deal in or otherwise dispose of any shares, debentures or other securities or property including any business or undertaking of any other company or any other assets or liabilities. Our objects are set out in full in clause 4 of our Memorandum of Association.

The following discussion summarizes certain provisions of our Articles of Association and should be read in conjunction with the Memorandum of Association and the Articles of Association, which are filed as exhibits to this Form 20-F. Our Articles of Association contain, among other things, provisions to the following effect:

Directors

Each director is required to retire at the annual general meeting held in the third calendar year following the year in which he was elected or last re-elected. We calculate the directors' retirement schedules prior to each annual general meeting based on director retirements during the past 12 months and the date each director was last elected.

Under the Companies Act, directors who are interested in any contract or proposed contract with the company must declare the nature of such interest to the other directors. Other than as described below, a director cannot vote in respect of any contract or arrangement in which he has any interest that, when aggregated with the interests of persons connected to him (as defined in section 346 of the Companies Act), is to his knowledge material, other than by virtue of his interest in our securities. A director will not be counted in the quorum at the meeting in relation to the resolution on which he is not permitted to vote. A director can vote on resolutions concerning (i) debt obligations incurred by him for us, (ii) securities offerings in which he is interested as an underwriting participant, (iii) proposals relating to any company in which he or any person connected to him is interested, provided he or any persons connected to him beneficially own less than 1% of such company, (iv) proposals relating to certain retirement benefit plans and certain employee share participation plans and (v) proposals concerning the purchase and maintenance of insurance for the benefit of directors, indemnities in favor of directors, funding of expenses of directors to defend themselves in litigation, and any action taken to enable a director to avoid such expenditures. A director cannot vote or be counted in the quorum on any resolution regarding his appointment as an office-holder, including fixing or varying the terms of

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his appointment or termination. Remuneration of non-executive directors is determined by the Board as a whole. Remuneration of executive directors is determined by the Remuneration Committee, which is composed solely of independent non-executive directors.

Generally, the Board may exercise the power to borrow or raise money as it deems necessary for our purposes, subject to an aggregate limit of the greater of £150 million or a sum equal to three times the adjusted share capital of AMVESCAP PLC as it appears on our latest audited consolidated balance sheets. Borrowings in excess of such limits may be sanctioned in advance by shareholders in general meeting.

Although directors may serve on the Board beyond their 70th birthday, any director over the age of 70 years who is seeking re-election will be required to do so on an annual basis. Directors are not required to hold shares of our stock as a qualification for office.

Rights Attaching to our Ordinary Shares

The Companies Act provides that an annual general meeting must be held each year with no more than 15 months elapsing since the date of the preceding annual general meeting. Subject to this requirement, the Board may determine when to hold the annual general meeting, and may call extraordinary meetings when it thinks appropriate. Extraordinary meetings may also be requisitioned by shareholders in accordance with the provisions of our Articles of Association and the Companies Act. Each holder of ordinary shares who is entered on the register as of the time fixed by the company with respect to the meeting has the right to attend and vote at general meetings of shareholders.

Notwithstanding the foregoing, and unless the Board otherwise determines, a shareholder may not be present or vote at a meeting in respect of his shares, and will not be counted in the quorum for such meeting, if he owes any amount to us for the purchase of his shares. In addition, if a shareholder does not comply within the specified time period with a section 212 request (as defined below) made by us, the directors may suspend the shareholder's right to attend meetings or vote his shares.

Subject to any special voting rights, and if all shares owned have been fully paid for, every shareholder who is present in person at a vote conducted on a show of hands shall have one vote on the matter voted upon, without regard to the number of Ordinary Shares owned by such shareholder. Where a vote is conducted on a poll, every shareholder who is present in person or by proxy has one vote for every four Ordinary Shares held by such shareholder. Where a vote is conducted on a poll, every shareholder who is present in person or by proxy but whose Ordinary Shares are not fully paid up has one vote for every U.S.\$0.40 in the aggregate paid up in respect of the nominal amount of Ordinary Shares held. All Ordinary Shares are currently fully paid up.

Rights Attaching to our Exchangeable Shares and our Special Voting Share

The special voting share, par value 25 pence, that we issued in connection with the issuance of Exchangeable Shares by one of our subsidiaries (the "Special Voting Share"), has one vote in addition to any votes that may be cast by holders of Exchangeable Shares (other than us). On a poll, the holder of the Special Voting Share has one vote for every four Exchangeable Shares that have been voted by holders of such Exchangeable Shares (other than us). A holder of Exchangeable Shares (other than us) can instruct the holder of the Special Voting Share to appoint the relevant holder of the Exchangeable Shares as proxy to attend meetings on behalf of his own interests in the Exchangeable Shares. We may not issue any special voting shares in addition to the Special Voting Share without the approval of the holder of such share. When no Exchangeable Shares are outstanding (other than those held by us), the Special Voting Share will automatically be redeemed and cancelled. Otherwise, the Special Voting Share is not subject to redemption by us or by the holder of such share.

Rights Attaching to our Deferred Sterling Shares

In connection with the redenomination of our ordinary share capital from sterling into U.S. dollars in December 2005, we issued 50,000 Preference Shares of £1 each (the "Preference Shares") to our financial advisor in order to maintain our status as a public limited company under applicable U.K. law. The Preference Shares entitled the holder to receive a monthly dividend at an annual rate of 7 percent per annum on the nominal value of the shares (the "Preference Dividend"). Pursuant to Article 7 of our Articles of Association, upon the payment of a special dividend of £50,000 in aggregate to the holder of the Preference Shares (the "Special Dividend") together with any Preference Dividend due, which payment we made on 15 December, 2005, the Preference Shares were redesignated "Deferred Sterling Shares" and the rights of the holder (s) of the Deferred Sterling Shares were altered such that (i) they are no longer entitled to receive any dividends or distributions, (ii) they do not have any entitlement to participate in the assets of the company (including on a winding-up), (iii) they are no longer entitled to receive any notice of general meetings or to attend or vote at general meetings, and (iv) the company is deemed to have an irrevocable authority at any time: (x) to appoint any person to transfer the Deferred Sterling Shares for no consideration to any persons the company may determine; and/or (y) to redeem the Deferred Sterling Shares for no consideration by giving seven days' notice to the holders of the Deferred Sterling Shares.

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General Provisions relating to Shareholder Meetings

Save in limited circumstances, under our Articles of Association three shareholders present in person or by proxy and entitled to vote are required to constitute a quorum at general meetings of shareholders. Under English law, shareholders of a public company are not permitted to pass resolutions by written consent.

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution need to be called by not less than 21 days' notice in writing and all other extraordinary general meetings by not less than 14 days' notice in writing.

Disclosure of Interests in Shares

There are no provisions in our Articles of Association whereby persons acquiring, holding or disposing of a certain percentage of our shares are required to make disclosure of their ownership percentage, although such requirements exist under the Companies Act.

The basic disclosure requirement under the Companies Act requires persons to notify the company in writing where they acquire or cease to have an interest in 3% or more of the relevant class of shares or an aggregate interest in 10% or more of the voting capital of the company. Disclosures must also be made where the shareholder has an interest above these thresholds and his interest changes by a whole percentage point.

Section 212 of the Companies Act entitles the company to send a notice in writing to a person that it believes holds shares in the company requesting that such person confirms whether they hold shares in the company and, if they do, certain information in relation to such shareholding (a "section 212 request").

Pre-emption Rights

Under section 80 of the Companies Act, directors are, with certain exceptions, unable to allot relevant securities without the authority of the shareholders in a general meeting. "Relevant securities" as defined in the Companies Act include Ordinary Shares or securities convertible into Ordinary Shares. In addition, section 89 of the Companies Act imposes further restrictions on the issuance of equity securities (as defined in the Companies Act, which include the Ordinary Shares and securities convertible into Ordinary Shares) which are, or are to be, paid up wholly in cash and not first offered to existing shareholders. However, shareholders may authorize directors to allot relevant securities and equity securities for cash up to a specified amount and free of the restriction in section 89. In accordance with institutional investor guidelines, the amount of relevant securities to be fixed by shareholders is normally restricted to approximately one-third of the existing issued ordinary share capital, and the amount of equity securities to be issued for cash other than in connection with a rights issue is restricted to 5% of the existing issued ordinary share capital.

Modification of Class Rights

Subject to the provisions of the Companies Act, all or any of the rights and privileges attaching to any class of share may be altered with the consent in writing of the holders of not less than 75% in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such class of shares. At every such meeting, all of the provisions of our Articles of Association relating to proceedings at a general meeting apply, except that the quorum is two persons holding at least one-third in nominal value of the issued shares of that class and that each person shall be entitled on a poll to one vote for every share of the class held by him.

Dividends and Entitlement to any Surplus in the event of Liquidation

The company may declare such dividends out of the profits available for distribution as may be determined pursuant to the relevant accounting standards and the Companies Act, provided that no dividend may exceed the amount recommended by the Board. The Board may also pay shareholders such interim dividends as appear to be justified by the profits of the company. Before recommending dividends, the Board can set aside sums as a reserve for special purposes. The Board can deduct from any dividend payable to any shareholder sums payable by him to us. The dividend payable by us will not bear interest. If dividends remain unclaimed for one year after being declared, we can utilize the dividend money until claimed. All dividends unclaimed for a period of twelve years after having been declared will be forfeited and revert to us. Every dividend shall be paid to shareholders of record on the record date. The Special Voting Share does not carry any right to receive dividends or distributions.

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Where a shareholder holds greater than 0.25% of a class of issued shares and where that shareholder has not complied with a section 212 request within the specified period, the Board may in its absolute discretion direct that such shareholder shall not be entitled to receive any dividends on shares held by him until the requested information is provided.

On a winding up of our company, the liquidator may, with the approval of the contributories, divide our assets among the contributories, setting such value as he deems fair on any property to be divided, provided that the holder of the Special Voting Share must receive 25 pence before any distribution is made on the Ordinary Shares. After payment of such amount, the holder of the Special Voting Share is not entitled to participate in any further distribution of our assets.

Restrictions on our ability to declare and pay dividends are described in “Item 5. Operating and Financial Review and Prospects,” and in Note 17 to our Consolidated Financial Statements, included elsewhere herein.

Non-resident or Foreign Shareholders

There are currently no restrictions under our Memorandum of Association, Articles of Association or English law that limit the rights of non-resident or foreign shareholders to freely own, hold, vote and transfer Ordinary Shares in the same manner as U.K. residents or nationals. However, shareholders must provide us with an address in the U.K. in order to be entitled to receive notifications of shareholders’ meetings and other notices and documents.

Redemption

Subject to the provisions of the Companies Act, any shares may be issued on terms that they may be redeemed on such terms and in such manner as may be provided by the Articles of Association.

Calls on Shares

The Board may from time to time make calls upon the shareholders in respect of any moneys unpaid on their shares subject to the terms of their allotment. A call may be revoked or postponed in whole or part as the Board may determine. All shares are currently fully paid up.

C. Material Contracts

The contracts described below (not being contracts entered into in the ordinary course of business) have been entered into by us and/or our subsidiaries since June 23, 2004 and, as of the date of this document, contain provisions under which we or one or more of our subsidiaries have an obligation or entitlement which is or may be material to us. This discussion should be read in conjunction with the agreements described below, each of which is filed as an exhibit to this Form 20-F or incorporated herein by reference.

(i) Agreement relating to our revolving credit facility:

Five Year Credit Agreement, dated as of March 31, 2005 by and between AMVESCAP PLC, the banks, financial institutions and other institutional lenders from time to time a party thereto (the “Lenders”) and Bank of America, N.A., as administrative agent.

The Five Year Credit Agreement sets forth the terms and conditions under which the Lenders have agreed to provide us a revolving credit facility in an aggregate principal amount of up to \$900 million. Under certain conditions, we may increase the aggregate commitments under the Five Year Credit Agreement to \$1.2 billion. The credit facility terminates on March 31, 2010, unless earlier terminated due to an event of default thereunder that remains uncured after the expiration of an applicable cure period, if any. Under the Five Year Credit Agreement, we are required to pay a facility fee to each Lender on the aggregate amount of such Lender’s commitment in a percentage per annum ranging from 0.090% to 0.250%, depending upon our leverage ratio (Debt/EBITDA), as well as an annual administrative agent’s fees as agreed to between us and the administrative agent. Interest on advances under the credit facility is based on either of the following rates as selected by us: (i) a base rate, determined from time to time, equal to the greater of Bank of America’s prime rate or 0.5% per annum above the Federal Funds Rate, or (ii) a Eurocurrency rate, determined from time to time, plus a margin for Eurocurrency advances equal to a percentage per annum ranging from 0.360% to 0.750%, depending upon our leverage ratio (Debt/EBITDA). The Five Year Credit Agreement requires us to maintain specified financial ratios, including maximum debt to earnings and minimum interest coverage. The Five Year Credit Agreement also contains customary affirmative operating covenants, and negative covenants that, among other things, restrict certain of our subsidiaries ability to incur debt, restrict our ability to transfer assets, merge, make loans and other investments and create liens.

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(ii) **Agreement relating to the issuance of our 4.500% Senior Notes due 2009 (the “2009 Senior Notes”) and the issuance of our 5.375% Senior Notes due 2014 (the “2014 Senior Notes”) and together with the 2009 Senior Notes, the “2004 Series of Senior Notes”):**

Indenture, dated as of December 14, 2004, among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc. and INVESCO North American Holdings, Inc. and SunTrust Bank (the “2004 Series of Senior Notes Indenture”).

The 2004 Series of Senior Notes Indenture sets forth the terms pursuant to which we created and issued the 2004 Series of Senior Notes in the aggregate principal amount of \$500 million, to the initial purchasers of the 2004 Series of Senior Notes (the “2004 Series of Senior Notes Initial Purchasers”). Interest accrues on the 2009 Senior Notes at the rate of 4.500% per year, which is to be paid on June 15 and December 15 of each year beginning on June 15, 2004, and the 2009 Senior Notes have a maturity date of December 15, 2009. Interest accrues on the 2014 Senior Notes at the rate of 5.375% per year, which is to be paid on June 15, and December 15 of each year beginning on June 15, 2004, and the 2014 Senior Notes have a maturity date of December 15, 2014. Under the 2004 Series of Senior Notes Indenture, we can issue additional notes with the same ranking, interest rate, maturity date, redemption rights and other terms as the 2009 Senior Notes and the 2014 Senior Notes. Pursuant to the 2004 Series of Senior Notes Indenture, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc. and INVESCO North American Holdings, Inc. (the “2004 Series of Senior Notes Guarantors”) agree unconditionally and irrevocably to guarantee the payment of principal and interest on the 2004 Series of Senior Notes. The 2004 Series of Senior Notes Indenture provides that we may redeem some or all of the 2009 Senior Notes or the 2014 Senior Notes at any time at a redemption price calculated under the terms of the 2004 Series of Senior Notes Indenture. Under the 2004 Series of Senior Notes Indenture, we may be required to pay additional amounts to the holders of the 2009 Senior Notes and the 2014 Senior Notes if, due to tax law changes or our failure to list or maintain the listing of either series of Senior Notes on a stock exchange recognized under the tax laws of the U.K., we are required to withhold or deduct withholding taxes on payments made to the holders of the 2004 Series of Senior Notes, except that, if either of such events occurs, we have certain rights of redemption under the 2004 Series of Senior Notes Indenture. The 2004 Series of Senior Notes Indenture also includes provisions limiting our and the 2004 Series of Senior Notes Guarantors’ rights to engage in a merger, consolidation or sale of substantially all of our or their assets and provides us with certain rights of defeasance and covenant defeasance.

(iii) **Agreement relating to the employment of our chief executive officer:**

Master Employment Agreement, dated July 28, 2005, between AMVESCAP PLC and Mr. Martin L. Flanagan (the “Master Employment Agreement”).

Under the Master Employment Agreement, which was effective as of July 12, 2005, Mr. Flanagan was employed as the President and Chief Executive Officer of the company for an initial four-year term commencing on August 1, 2005 (the “Employment Date”). Following such initial term, the Master Employment Agreement automatically renews for successive one-year periods subject to termination by either party on not less than 90 days’ prior written notice. (The initial term and all successive one-year terms are collectively referred to as the “Employment Period.”) Under the Master Employment Agreement, Mr. Flanagan’s base salary is \$790,000 per year. In addition, the company made a “make whole” payment of \$11,750,000 with respect to all compensation forfeited or foregone by Mr. Flanagan in connection with his prior employment. (This payment must be repaid to the company in the event that Mr. Flanagan terminates his employment voluntarily under certain circumstances prior to the first anniversary of the Employment Date.) The Master Employment Agreement also stipulates that the Board of Directors will designate Mr. Flanagan as a “Global Partner,” the term used to refer to the most senior group of officers and employees of the company, and incorporates by reference (to the extent not inconsistent with the Master Employment Agreement) the provisions of a separate, attached Global Partner Agreement entered into by the parties. The Master Employment Agreement further provides that Mr. Flanagan will have the opportunity to receive short-term compensation awards of up to \$4,750,000 per year (pro-rated for any periods of less than a full year) based on the achievement of certain performance criteria to be mutually determined by the Remuneration Committee and Mr. Flanagan. The Master Employment Agreement further entitles Mr. Flanagan to receive long-term compensation awards under the company’s Global Stock Plan consisting of the following:

1. a grant of 2,500,000 restricted ordinary shares which will vest as to one-fourth (625,000 shares) at each of the four anniversaries following the grant date, providing he remains an employee of the company on each vesting date; and
2. a grant of a further 2,500,000 restricted ordinary shares which will vest ratably upon the attainment of cumulative earnings-per-share (“EPS”) growth targets reflecting a compound growth rate of between 10 and 15 percent per annum over a base EPS figure during a three-year period. The base EPS for the purpose of this calculation is the average of 2004 and 2005 EPS adjusted for certain non-recurring charges.

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Vesting of the awards will be fully accelerated upon the occurrence of a “change of control” as defined in the Global Stock Plan.

The Master Employment Agreement further provides that Mr. Flanagan will be eligible to participate in all incentive, savings and retirement plans, all aspects of the deferred compensation program, all welfare benefit plans, practices, policies and programs, fringe benefits and perquisites, and paid vacation and reimbursement of business expenses, all as provided generally to other U.S.-based Global Partners of the company. In addition, the company is obligated to pay all of Mr. Flanagan’s reasonable expenses in connection with his relocation to Atlanta, Georgia. The Master Employment Agreement (i) terminates automatically in certain circumstances upon the death or Disability (as defined) of Mr. Flanagan, (ii) is terminable by the company with or without Cause (as defined), and (iii) is terminable by Mr. Flanagan for Good Reason or for no reason. “Good Reason” is defined to include certain diminutions of position, authority, duties or responsibilities, certain reductions in compensation as the same may have been increased from time to time during the Employment Period, certain involuntary geographic relocations without Mr. Flanagan’s consent, any failure to require a successor entity to expressly assume the obligations of the company under the agreement, and any failure to appoint Mr. Flanagan to the Board of Directors within 60 days of the Employment Date. In the event that, during the Employment Period, the company terminates Mr. Flanagan’s employment other than for Cause or Disability, or Mr. Flanagan terminates for Good Reason (and provided that Mr. Flanagan has not breached certain restrictive covenants in the Global Partner Agreement), the company is obligated to pay to Mr. Flanagan (i) his then-effective base salary through the date of termination, (ii) any accrued vacation, (iii) any compensation previously deferred (unless a later payout date is stipulated), (iv) cash in the amount of three times the sum of base salary and the Reference Bonus (as defined), (v) immediate vesting and exercisability of all outstanding share-based awards (options, restricted shares, etc.), (vi) continuation of medical benefits for Mr. Flanagan and his covered dependents for a period of 36 months following termination, (vii) a prorated portion of the Reference Bonus, and (viii) any other vested amounts or benefits under any other plan or program. In the event that the excise tax imposed by Section 4999 of the United States Internal Revenue Code becomes applicable to any payment to Mr. Flanagan, the company is obligated to provide to Mr. Flanagan a “gross-up” payment such as will fully reimburse him for the amount of any associated tax liability.

D. Exchange Controls

There are currently no U.K. or U.S. foreign exchange control restrictions on the import or export of capital, on the payment of dividends or other payments to holders of Ordinary Shares or on the conduct of our operations.

E. Taxation

Introduction

This section summarizes the principal U.S. and U.K. tax consequences to U.S. Holders (defined below) that own our Ordinary Shares or American Depositary Shares (collectively, the “Shares”). Except where noted otherwise in this section, tax consequences apply equally to U.S. Holders that own Ordinary Shares and U.S. Holders that own American Depositary Shares. “U.S. Holders” generally is used in this section to refer to beneficial owners of our Shares that are (i) U.S. citizens, (ii) U.S. residents, or (iii) U.S. corporations. However, “U.S. Holders” does not include (i) U.S. citizens that are or have been resident or ordinarily resident in the U.K., (ii) U.S. citizens or residents that have a permanent establishment or fixed base of business in the U.K. or (iii) persons that hold (actually or constructively) 10% or more of our voting stock or capital. The Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital Gains, as in effect on the date hereof, is referred to in this Form 20-F as the “U.S./U.K. Income Tax Treaty.” The Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Estates of Deceased Persons and on Gifts, as in effect on the date hereof, is referred to in this Form 20-F as the “U.S./U.K. Estate Tax Treaty.”

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Taxation of Dividends

A U.S. Holder will be required to include in gross income the gross amount of any distribution with respect to the Shares it owns that is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of our current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in such Shares and thereafter will be treated as a gain from the sale of such Shares. We have not maintained and do not plan to maintain calculations of our earnings and profits for U.S. federal income tax purposes and, as a result, we intend to treat any distribution that we make with respect to the Shares as a dividend for U.S. federal income tax reporting purposes.

Dividends paid on the Shares generally will constitute income from sources outside the United States and be categorized as "passive income" or, in the case of some U.S. Holders, as "financial services income" for U.S. foreign tax credit purposes (or, for tax years beginning after December 31, 2006, as "passive category income" or, in the case of some U.S. Holders, as "general category income" for U.S. foreign tax credit purposes). Dividends paid on the Shares generally will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

The U.S. dollar value of any U.K. pound sterling (or other non-U.S. currency) distribution with respect to our shares will be the U.S. dollar value of the payment, calculated by reference to the exchange rate in effect on the day the payment is received by the Depositary in the case of the American Depositary Shares, or by the U.S. Holder in the case of Ordinary Shares held directly by such U.S. Holders, regardless of whether the pounds sterling (or other non-U.S. currency) are in fact converted into U.S. dollars. If the pounds sterling (or other non-U.S. currency) so received are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss upon such conversion. If the pounds sterling (or other non-U.S. currency) so received are not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in the pounds sterling (or other non-U.S. currency) equal to the U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the pounds sterling (or other non-U.S. currency) generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Legislation enacted on May 28, 2003, as subsequently amended (the "2003 Tax Legislation"), reduces to 15% the maximum tax rate for specified dividends received by non-corporate U.S. Holders through taxable years beginning on or before December 31, 2010, so long as the relevant holding period requirements are met. Dividends received from "qualified foreign corporations" generally qualify for the reduced rate. A non-U.S. corporation (other than a corporation that is in, or was in the year prior to, the year the dividend is paid, a passive foreign investment company ("PFIC") for U.S. federal income tax purposes) generally will be considered to be a qualified foreign corporation with respect to dividends paid on its shares (or American depositary receipts in respect of such shares) if the shares (or American depositary receipts in respect of such shares) are readily tradable on an established securities market in the United States. Ordinary shares, or American depositary receipts in respect of such shares, will be considered to be readily tradable on an established securities market in the United States if they are listed on a nationally registered stock exchange (such as the NYSE). Accordingly, unless we are treated as a PFIC, the dividends we pay in respect of our American Depositary Shares generally should be eligible for the reduced rate under the 2003 Tax Legislation. A non-U.S. corporation (other than a corporation that is in, or was in the year prior to, the year the dividend is paid, a PFIC for U.S. federal income tax purposes) generally will also be considered to be a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury Department determines is satisfactory for purposes of this provision and which includes an exchange of information program (a "Qualifying Treaty"). The U.S./U.K. Income Tax Treaty as currently in effect is considered a Qualifying Treaty and we believe that we are currently eligible for the benefits of such treaty. However, because the U.S. Treasury Department has not yet issued guidance concerning when a non-U.S. corporation is eligible for the benefits of a Qualifying Treaty and this conclusion is a factual determination and thus may be subject to change, no assurance can be given that the reduced rate will apply to dividends paid by us on this basis. Based on the foregoing, we intend to take the position that we are a qualified foreign corporation with respect to the dividends on our Shares for U.S. federal income tax reporting purposes.

Special rules apply for purposes of determining the recipient's investment income (which limits deductions for investment interest) and foreign income (which may affect the amount of foreign tax credit) and to certain extraordinary dividends.

PFIC

We believe that we were not in 2005, and we do not expect to become in 2006, a PFIC for U.S. federal tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control, including the value of our assets and the amount and type of our income, there can be no assurance that we will not become a PFIC or that the U.S. Internal Revenue Service will agree with our conclusion regarding our

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PFIC status. If we are a PFIC in any year, U.S. Holders could suffer adverse consequences, including the possible characterization of gain from sale, exchange or other disposition of the Shares as ordinary income and an interest charge on such gain at the time of such sale, exchange or disposition. We urge each U.S. Holder to consult its tax advisor regarding the potential application of the PFIC rules.

Taxation on Sale, Exchange or Other Disposition of Shares

A U.S. Holder generally will recognize capital gain or loss upon the sale, exchange or other disposition of Shares that it owns in an amount equal to the difference, if any, between the amount realized on the sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in such Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in such Shares exceeds one year. Net long-term capital gains of a non-corporate U.S. Holder recognized in a tax year beginning before January 1, 2011 are generally taxed at a maximum U.S. federal income tax rate of 15%. The gain or loss will generally be income or loss from sources within the United States for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Summary of Tax Treatment

U.S. Holders who own our Ordinary Shares or American Depositary Shares generally receive the same U.S. tax treatment as if they owned shares of a U.S. company. The following chart summarizes the major differences between the tax treatment for a U.S. Holder that owns shares of a U.S. company and a U.S. Holder that owns shares of a U.K. company:

Transaction	U.S. Company	U.K. Company
Purchase of shares	No U.S. tax ramifications.	No U.S. or U.K. tax ramifications; U.K. stamp duty or stamp duty reserve tax may be applicable ⁽¹⁾ .
Ownership of shares (dividends)	Entire dividend taxable in U.S.; no withholding tax on dividends received ⁽²⁾ ; non-corporate shareholders may be eligible for reduced tax rates under the 2003 Tax Legislation ⁽³⁾ .	Entire dividend taxable in U.S.; no withholding tax on dividends received ⁽²⁾ ; non-corporate shareholders may be eligible for reduced tax rates under the 2003 Tax Legislation ⁽³⁾ ; U.S./U.K. Income Tax Treaty does not allow for tax credit.
Disposition of shares	Gain on sale of shares is taxable in U.S. ⁽⁴⁾ ; U.S. rules would treat gain as capital in nature; capital gain is either short- or long-term depending on holding period.	Gain on sale of shares is taxable in U.S. ⁽⁴⁾ ; U.S. rules would treat gain as capital in nature; capital gain is either short- or long-term depending on holding period; no U.K. tax to a U.S. Holder ⁽⁴⁾ ; U.K. stamp duty or stamp duty reserve tax may be applicable ⁽¹⁾ .
Other transfers (estate or gift)	U.S. estate and gift rules apply.	U.K. inheritance tax would not apply to individuals that are domiciled in the U.S., or if also domiciled in the U.K., are treated as domiciled in the U.S. under the "tie-breaker" provisions set out in the U.S./U.K. Estate Tax Treaty ⁽⁵⁾ ; U.S. estate and gift rules apply; treaty provisions provide for a tax credit if U.S. Holder is subject to tax in U.S. and U.K. ⁽⁵⁾ ; U.K. stamp duty or stamp duty reserve tax may be applicable ⁽¹⁾ .

- (1) If an owner of Ordinary Shares transfers his or her shares to another person through the use of a transfer document (i.e., a stock transfer form) executed in or brought to the U.K., the purchaser usually pays the stamp duty at a rate of 0.5%.

When Ordinary Shares are transferred without the use of a transfer document, stamp duty does not apply. Instead, the purchaser normally pays Stamp Duty Reserve Tax ("SDRT") at a rate of 0.5% of the purchase price. If stamp duty is paid on the transfer, SDRT may be refunded.

If Ordinary Shares are transferred to the Depositary under the Amended and Restated Deposit Agreement, dated as of November 8, 2000, among us, the Depositary, and the holders of American Depositary Receipts issued pursuant to such agreement (the "Depositary Agreement"), the Depositary will charge the U.S. Holder who purchases the American Depositary Receipts representing those shares for the stamp duty or SDRT owed at a rate of 1.5%. No SDRT will be payable on an agreement to transfer American Depositary Receipts, nor will U.K. stamp duty be payable on transfer of the American Depositary Receipts, provided that the instrument of transfer is executed outside the U.K. and subsequently remains at all times outside the U.K. If the Depositary transfers the underlying Ordinary Shares to a U.S. Holder who owned American Depositary Shares representing such Ordinary Shares, such U.S. Holder will pay duty at a rate of £5 per transfer. If the Depositary transfers the underlying Ordinary Shares to a purchaser from a U.S. Holder who owned American Depositary Shares representing such Ordinary Shares, such purchaser will pay duty at a rate of 0.5% of the purchase price.

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- (2) See previous discussion on the taxation of dividends. These rules would apply to a U.S. Holder that receives a distribution from either a U.S. company or a U.K. company. The U.K. does not have a withholding tax in respect of dividends.
- (3) See previous discussion of the requirements for eligibility for reduced tax rates under the 2003 Tax Legislation.
- (4) The effect of the U.S./U.K. Income Tax Treaty is that capital gains derived by a U.S. Holder from the disposition of shares are generally taxable only in the United States. In any event, a U.S. Holder would not generally be subject to U.K. tax on such gains under U.K. domestic law.
- (5) The U.S./U.K. Estate Tax Treaty generally provides for the tax paid in the U.K. to be credited against tax paid in the U.S. or for tax paid in the U.S. to be credited against tax payable in the U.K. based on priority rules set out in that Treaty.

Information Reporting and Backup Withholding

Dividends on Shares and proceeds from the sale of Shares may be subject to U.S. information reporting and/or backup withholding, unless the U.S. Holder is a corporation or otherwise establishes a basis for exemption. A credit can be claimed against the U.S. Holder's U.S. federal income tax liability for the amounts withheld under the backup withholding rules and any excess amount is refundable if the required information is provided to the U.S. Internal Revenue Service.

Reportable Transactions

U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their tax returns a disclosure statement on Form 8886. We urge U.S. Holders to consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the purchase, ownership or disposition of any pounds sterling (or other foreign currency) received as a dividend or as proceeds from the sale of Shares.

The above discussion is based on current U.S. and U.K. laws and current interpretations of these laws in effect as of the date of filing of this Annual Report on Form 20-F. The laws and/or the interpretation of these laws are subject to change and any changes may be made retroactively to include transactions that occurred in an earlier year. In addition, the above discussion relies on representations of the Depositary and assumes that the terms and conditions of the Deposit Agreement will be followed.

THIS SUMMARY DOES NOT ADDRESS THE LAWS OF ANY STATE OR LOCALITY OR ANY GOVERNMENT OTHER THAN THE U.K. AND U.S. FURTHERMORE, THIS SUMMARY DOES NOT ADDRESS THE TAX CONSEQUENCES TO ANY TAXPAYERS THAT ARE NOT U.S. HOLDERS (AS DEFINED ABOVE). THE INFORMATION PROVIDED ABOVE IS INTENDED TO BE A GENERAL DISCUSSION AND SHOULD NOT BE CONSIDERED TO BE DIRECTED TO ANY PARTICULAR SHAREHOLDER. In particular, this discussion does not address all of the tax consequences that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers, traders in securities that elect to mark-to-market their securities, partnerships and other pass-through entities, regulated investment companies, real estate investment trusts, U.S. expatriates, investors that hold our Ordinary Shares or American Depositary Shares as part of a straddle, hedging transaction or conversion transaction for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.K. AND U.S. FEDERAL, STATE AND LOCAL AND ANY OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES OR AMERICAN DEPOSITARY SHARES WITH PARTICULAR REFERENCE TO THEIR SPECIFIC CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

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H. Documents on Display

We are subject to the informational requirements of the Securities Exchange applicable to foreign private issuers and fulfill the obligation by filing with or furnishing reports to the SEC. You may read and copy any document we file with or furnish to the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may be obtained by mail from the Public Reference Branch of the SEC at such address, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

The company has not changed its financial instruments policies in the current year and does not hedge its operational foreign exchange exposures, except to the extent that the net assets of overseas subsidiaries were hedged by foreign currency borrowings (prior to the change in presentation currency from sterling to U.S. dollars on December 8, 2005). As a result, the company's financial statements may be impacted by movements in sterling, Canadian dollar, and Euro exchange rates compared to the U.S. dollar. The company does not actively manage its currency exposures except as described in Note 27 to the Consolidated Financial Statements, which provides quantitative information about financial instruments.

On December 31, 2005, the interest rates on 94% of the Group's borrowings were fixed for an average period of 5.0 years. The remainder were floating.

See Note 27 to our Consolidated Financial Statements and "Item 5. Operating and Financial Review and Prospects" (included elsewhere herein) for quantitative disclosures about market risk.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

We have not had any material defaults in the payment of amounts owed or any other material defaults relating to our indebtedness, we are not delinquent in the payment of any dividends, and we have not experienced any other material delinquencies.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

No material modifications to the rights of security holders have occurred.

Item 15. Controls and Procedures

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2005. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Since the evaluation date referenced above, there have been no significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The Board has determined that the chairman of the Audit Committee, Mr. J. Thomas Presby, is an “audit committee financial expert” (as defined under the SEC’s rules and regulations), that Mr. Presby has “accounting or related financial management expertise” and that Mr. Presby is “independent” of the company under the definitions of that term applicable under the Combined Code, the Corporate Governance Rules of the NYSE and Exchange Act Rule 10A-3, respectively.

Item 16B. Code of Ethics

We have adopted a code of ethics (the “Code of Conduct”) that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions, as well as to our other officers and employees. The Code of Conduct is posted on our website (<http://www.amvescap.com>) and available in print free of charge to any shareholder who requests a copy. Interested parties may address a written request for a printed copy of the Code of Conduct to: Michael S. Perman, Company Secretary, AMVESCAP PLC, 30 Finsbury Square, London, EC2A 1AG, United Kingdom. In addition, we have adopted a separate Directors’ Code of Conduct that applies to all members of the Board. We intend to satisfy the disclosure requirement regarding any amendment to, or a waiver of, a provision of the Code of Conduct for our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website.

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Item 16C. Principal Accountant Fees and Services

<u>\$'000</u>	<u>2005</u>	<u>2004</u>
Audit fees:		
Statutory audit	4,513	4,018
Audit-related fees:		
Further assurance services*	1,795	1,424
Tax fees:		
Compliance services	193	516
Advisory services	117	348
All other fees	<u>103</u>	<u>1,001</u>
	<u>6,721</u>	<u>7,307</u>

* Excludes \$211,000 in 2005 (2004: \$125,000) paid to the corporate auditors for audits of benefit plans around the company.

Included in further assurance services are \$0.6 million related to the audit of the transition from U.K. GAAP to International Financial Reporting Standards (2004: \$ 0) and \$0.9 million for internal control and investment performance compliance reports (2004: \$1.0 million).

The Audit Committee pre-approves the audit and non-audit services performed by the independent auditor in order to ensure that the auditor's independence is not impaired. The Audit Committee does not favor having its independent auditors perform non-audit services, and a non-audit service is not approved unless the Audit Committee concludes that performance of such service by the auditor will serve the company's interests better than performance of such service by other providers. The Audit Committee ensures that such services are consistent with applicable national rules on auditor independence.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

From time to time, the trustees of the AMVESCAP Global Stock Plan and the AMVESCAP Employee Share Option Trust purchase Ordinary Shares in the open market. These trusts were established to satisfy our obligations to issue Ordinary Shares under the GSP, and our stock option and other stock-based schemes. During 2005, we did not contribute to these trusts, and neither we, the trusts, nor any of our affiliated purchasers made any purchase of any class of our equity securities registered under the Exchange Act.

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PART III

Item 17. Financial Statements

This report contains our consolidated balance sheets as of December 31, 2005 and 2004 and consolidated income statements, consolidated statements of changes in equity, and consolidated cash flow statements for the years ended December 31, 2005 and 2004. The financial information concerning us contained in this Form 20-F does not constitute statutory accounts within the meaning of Section 240 of the Companies Act, of Great Britain. Statutory accounts for the financial years ended December 31, 2005 and 2004 have been delivered to the Registrar of Companies for England and Wales. In respect of each of those statutory accounts, our auditors have given reports which were unqualified and did not contain a statement under Section 237(2)-(3) of the Companies Act 1985.

Our Consolidated Financial Statements are set forth beginning at page F-1 of this Form 20-F.

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Income Statement for the Years Ended December 31, 2005 and 2004	F-3
Consolidated Balance Sheet as of December 31, 2005 and 2004	F-4
Consolidated Statement of Changes in Equity for the Years Ended December 31, 2005 and 2004	F-5
Consolidated Cash Flow Statement for the Years Ended December 31, 2005 and 2004	F-6
Notes to the Consolidated Financial Statements	F-7

Item 18. Financial Statements

Not applicable.

Item 19. Exhibits

The exhibits filed with or incorporated by reference into this annual report are listed below.

- 1.1 Memorandum of Association of AMVESCAP, incorporating amendments up to and including April 27, 2006.
- 1.2 Articles of Association of AMVESCAP, adopted on July 20, 2000, incorporating amendments up to and including April 27, 2006.
- 2.1 Form of Certificate for Ordinary Shares of AMVESCAP.
- 2.2 Form of Certificate for American Depositary Shares, each representing two Ordinary Shares.
- 2.3 Amended and Restated Deposit Agreement, dated as of November 8, 2000, among AMVESCAP, The Bank of New York and the holders of American Depositary Receipts issued thereunder, incorporated by reference to exhibit 2.3 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 2.4 Indenture, dated as of December 16, 1996, among LGT Asset Management, Inc., LGT Bank in Liechtenstein Aktiengesellschaft and Citibank, N.A., incorporated by reference to exhibit 3.28 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 1998, filed with the Securities and Exchange Commission on March 30, 1999.
- 2.5 First Supplemental Indenture, dated as of December 31, 1999, among INVESCO, Inc., LGT Bank in Liechtenstein Aktiengesellschaft and Citibank, N.A., incorporated by reference to exhibit 4.19 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 2.6 Loan Agreement, dated December 14, 1995, between LGT BIL Ltd. and Bank in Liechtenstein Aktiengesellschaft, incorporated by reference to exhibit 3.29 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 1998, filed with the Securities and Exchange Commission on March 30, 1999.

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- 2.7 Five Year Credit Agreement, dated as of March 31, 2005, by and between AMVESCAP PLC, the banks, financial institutions and other institutional lenders from time to time a party thereto and Bank of America, N.A., as administrative agent, incorporated by reference to exhibit 2.7 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.
- 2.8 Indenture, dated as of December 17, 2001, for AMVESCAP's 5.90% Senior Notes Due 2007 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, 2001, filed with the Securities and Exchange Commission on April 4, 2002.
- 2.9 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.
- 2.10 Indenture, dated as of December 14, 2004, for AMVESCAP's 4.500% Senior Notes due 2009 among AMVESCAP PLC, A I M Advisors, Inc., A I M Management Group Inc., INVESCO Institutional (N.A.), Inc., INVESCO North American Holdings, Inc. and SunTrust Bank, incorporated by reference to exhibit 2.10 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2004, filed with the Securities and Exchange Commission on June 29, 2005.
- 2.11 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.
- 3.1 Voting and Exchange Trust Agreement, dated as of August 1, 2000, between AMVESCAP, AMVESCAP Inc. and CIBC Mellon Trust Company, incorporated by reference to exhibit 4.25 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 4.1 Registration Rights Agreement, dated as of February 28, 1997, by and among AMVESCAP and the former shareholders of A I M Management Group, Inc. named therein, incorporated by reference to exhibit 2.11 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 1996, filed with the Securities and Exchange Commission on May 6, 1997.
- 4.2 Indemnification Agreement, dated as of February 28, 1997, by and among AMVESCAP, Charles T. Bauer, Robert H. Graham, Gary T. Crum and certain related persons named therein, incorporated by reference to exhibit 2.6 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 1996, filed with the Securities and Exchange Commission on May 6, 1997.
- 4.3 Second Amended and Restated Purchase and Sale Agreement, dated as of December 14, 2000, among A I M Management Group Inc., Citibank, N.A. and Citicorp North America, Inc., incorporated by reference to exhibit 4.17 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 4.4 Amendment No. 4 to Facility Documents, dated as of August 24, 2001 among A I M Management Group Inc., A I M Advisors, Inc., A I M Distributors, Inc., Citibank, N.A., Bankers Trust Company and Citicorp North America, Inc., incorporated by reference to exhibit 4.4 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2001, filed with the Securities and Exchange Commission on April 4, 2002.
- 4.5 AMVESCAP Deferred Fees Share Plan, incorporated by reference to exhibit 4.22 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.

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- 4.6 Amended and Restated Merger Agreement, dated as of May 9, 2000, between AMVESCAP and Trimark, incorporated by reference to exhibit 4.23 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 4.7 Support Agreement, dated as of August 1, 2000, with respect to AMVESCAP's Exchangeable Shares (as defined in such Support Agreement), among AMVESCAP, AVZ Callco Inc. and AMVESCAP Inc., incorporated by reference to exhibit 4.24 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 4.8 Merger Agreement, dated as of February 28, 2001, among National Asset Management Corporation, the Sellers listed therein, the Option Holder listed therein, AMVESCAP and AVZ, Inc., incorporated by reference to exhibit 4.28 to AMVESCAP's Annual Report on Form 20-F for the year ended December 31, 2000, filed with the Securities and Exchange Commission on May 17, 2001.
- 4.9 Stock Purchase Agreement, dated as of April 26, 2001, by and among Old Mutual, PLC, Old Mutual Holdings (U.S.), Inc., United Asset Management Holdings, Inc., AMVESCAP and INVESCO North American Holdings, Inc., incorporated by reference to exhibit 4.11 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.
- 4.10 Amendment No. 1 to Stock Purchase Agreement, dated as of August 2, 2001, by and among Old Mutual, PLC, Old Mutual Holdings (U.S.), Inc., United Asset Management Holdings, Inc., AMVESCAP and INVESCO North American Holdings, Inc., incorporated by reference to exhibit 4.12 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.
- 4.11 AMVESCAP Global Stock Plan, Amended and Restated Effective as of December 1, 2002, incorporated by reference to exhibit 4.18 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.
- 4.12 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.
- 4.13 Employment Agreement, dated as of June 22, 1994, between Charles W. Brady and INVESCO Group Services, Inc., incorporated by reference to exhibit 4.13 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.
- 4.14 Global Partner Agreement, dated December 27, 2000, between Robert H. Graham and A I M Management Group Inc., incorporated by reference to exhibit 4.14 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.
- 4.15 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.
- 4.16 Global Partner Agreement, dated January 5, 2001, between Robert F. McCullough and AMVESCAP Group Services, Inc., incorporated by reference to exhibit 4.18 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.
- 4.17 Form of Non-Executive Director's Letter of Appointment, between AMVESCAP PLC and each non-executive director of the company, incorporated by reference to exhibit 4.19 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.
- 4.18 Master Employment Agreement, dated July 28, 2005, between Martin L. Flanagan and AMVESCAP PLC.
- 8.1 List of Subsidiaries. Information on Significant Subsidiaries is incorporated by reference from the chart and description of our business in Item 4 of this Annual Report on Form 20-F.

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- 12.1 Certification of Martin L. Flanagan pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2 Certification of Loren M. Starr pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 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.
- 13.2 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.
- 14.1 Consent of Ernst & Young LLP.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AMVESCAP PLC

By: /s/ Loren M. Starr
Loren M. Starr
Chief Financial Officer

Date: June 23, 2006

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AMVESCAP PLC AND SUBSIDIARIES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors of AMVESCAP PLC:

We have audited the accompanying Consolidated Balance Sheets of AMVESCAP PLC as of December 31, 2005 and 2004, and the related Consolidated Statements of Income, Changes in Equity and Cash Flows for each of the two years in the period ended December 31, 2005. 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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 AMVESCAP PLC at December 31, 2005 and 2004, and the consolidated results of its operations and its consolidated cash flows for each of the two years in the period ended December 31, 2005, in conformity with International Financial Reporting Standards as adopted by the European Union which differ in certain respects from U. S. generally accepted accounting principles (see Note 30 of Notes to the Financial Statements).

As discussed in Note 1 of Notes to the Financial Statements, the Company changed its method of accounting for financial instruments in 2005.

E RNST & Y OUNG LLP

London, England

March 3, 2006, except for Notes 1, 26, 30 and 31, as to which the date is June 14, 2006

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AMVESCAP PLC AND SUBSIDIARIES

Consolidated Income Statement

*Year ended December 31,
\$'000, except per share data*

	Notes	2005	2004
Revenues:			
Management		\$ 2,213,650	\$ 2,052,664
Service and distribution		538,210	593,265
Other		127,358	111,562
Total Revenues		2,879,218	2,757,491
Third-party distribution, service and advisory fees		(705,981)	(633,030)
Net Revenues	5	2,173,237	2,124,461
Operating Expenses:			
Compensation	4	(1,044,706)	(966,788)
Marketing		(139,560)	(129,098)
Property and office		(130,294)	(169,290)
Technology/telecommunications		(138,966)	(148,709)
General and administrative		(219,462)	(210,040)
Restructuring charge	4	(75,690)	—
U.S. regulatory settlement		—	(413,211)
Total Operating Expenses		(1,748,678)	(2,037,136)
Operating profit		424,559	87,325
Gain on sale of business	3	32,626	11,831
Investment income	6	23,359	29,891
Loss on sale of assets, investments and foreign exchange	6	(35,324)	(8,847)
Interest expense	7	(85,142)	(81,171)
Profit before taxation		360,078	39,029
Taxation – U.K.	8	(18,013)	(2,391)
Taxation – Overseas	8	(128,677)	(72,297)
Profit/(Loss) after taxation		213,388	(35,659)
Minority interests		(1,148)	(536)
Profit/(Loss) attributable to equity holders of the Parent		\$ 212,240	\$ (36,195)
Earnings per share:			
– basic	10	\$ 0.27	\$ (0.05)
– diluted	10	\$ 0.26	\$ (0.05)
Earnings per share before restructuring charge (2005) and U.S. regulatory settlement (2004):			
– basic and diluted	10	\$ 0.34	\$ 0.35
Dividends paid	9	\$ 134,118	\$ 135,681
Dividends proposed per share (pence)	9	5.5p	5.0p
Dividends proposed	9	\$ 78,471	\$ 78,645

The accompanying notes form part of these financial statements.

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AMVESCAP PLC AND SUBSIDIARIES

Consolidated Balance Sheet

*As of December 31,
\$'000*

	Notes	2005	2004
Non-current assets			
Goodwill	11	\$ 4,213,648	\$ 4,317,391
Intangible assets	12	98,971	129,869
Property and equipment	14	180,044	226,987
Deferred sales commissions		78,944	110,982
Deferred tax assets	8	150,600	150,114
Investments	13, 27	149,410	134,478
		<u>4,871,617</u>	<u>5,069,821</u>
Current assets			
Trade and other receivables	15	749,181	844,358
Investments	13, 27	1,202,076	958,524
Cash and cash equivalents	19, 27	754,754	546,928
		<u>2,706,011</u>	<u>2,349,810</u>
Total assets		<u>7,577,628</u>	<u>7,419,631</u>
Current liabilities			
Current maturities of long-term debt	16, 17, 19	(10,045)	(79,476)
Trade and other payables	16	(2,461,006)	(2,218,862)
Provisions	16, 18	(52,108)	(28,449)
		<u>(2,523,159)</u>	<u>(2,326,787)</u>
Non-current liabilities			
Long-term debt	17, 19, 27	(1,212,191)	(1,302,168)
Deferred tax liabilities	8	(43,496)	(36,655)
Provisions	18	(182,479)	(211,054)
		<u>(1,438,166)</u>	<u>(1,549,877)</u>
Total liabilities		<u>(3,961,325)</u>	<u>(3,876,664)</u>
Net assets		<u>\$ 3,616,303</u>	<u>\$ 3,542,967</u>
Equity			
Share capital	20	81,811	388,953
Share premium		84,968	1,345,144
Shares held by employee trusts	20	(413,473)	(456,717)
Exchangeable shares	20	431,778	593,025
Retained earnings		638,739	571,574
Other reserves	21	2,789,187	1,098,467
Equity attributable to equity holders of the Parent		3,613,010	3,540,446
Minority interests		3,293	2,521
Total equity		<u>\$ 3,616,303</u>	<u>\$ 3,542,967</u>

The accompanying notes form part of these financial statements. These financial statements were approved by the Board of Directors on March 3, 2006, and were signed on its behalf by:

*Charles W. Brady
Martin L. Flanagan
Loren M. Starr*

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AMVESCAP PLC AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

<i>\$'000</i>	Share capital (Note 20)	Exchange- able Share (Note 20)	Share premium	Shares held by employee trusts (Note 20)	Other reserves (Note 21)	Retained earnings	Minority interests	Total
January 1, 2004	\$ 353,967	\$584,387	\$ 1,194,397	\$(328,417)	\$ 965,624	\$ 671,540	\$ 673	\$3,442,171
(Loss) after taxation	—	—	—	—	—	(36,195)	—	(36,195)
Currency translation differences resulting from change in presentation currency	30,536	48,226	104,752	(32,842)	246,934	47,899	1,312	446,817
Currency translation differences on investments in overseas subsidiaries	—	—	—	—	(158,550)	—	—	(158,550)
Total recognized income and expense attributable to equity holders of the Parent	30,536	48,226	104,752	(32,842)	88,384	11,704	1,312	252,072
Total equity before transactions with owners	384,503	632,613	1,299,149	(361,259)	1,054,008	683,244	1,985	3,694,243
Share-based payment charge	—	—	—	—	—	24,011	—	24,011
Dividends	—	—	—	—	—	(135,681)	—	(135,681)
Exercise of options	705	—	7,234	—	(44)	—	—	7,895
Acquisition of subsidiary	2,839	—	—	—	44,503	—	—	47,342
Acquisition earn-out	2	—	77	—	—	—	—	79
Increase in shares held by employee share ownership trusts	—	—	—	(95,458)	—	—	—	(95,458)
Conversion of exchangeable shares into ordinary shares	904	(39,588)	38,684	—	—	—	—	—
Total amounts attributable to minority interests	—	—	—	—	—	—	536	536
December 31, 2004	388,953	593,025	1,345,144	(456,717)	1,098,467	571,574	2,521	3,542,967
Adoption of IAS 32/39 on January 1, 2005	—	—	—	—	29,100	—	—	29,100
Profit after taxation	—	—	—	—	—	212,240	—	212,240
Currency translation differences resulting from change in presentation currency	(37,534)	(69,113)	(129,831)	43,244	(304,381)	(63,517)	(376)	(561,508)
Currency translation differences on investments in overseas subsidiaries	—	—	—	—	450,479	—	—	450,479
Gains/losses on available- for-sale assets	—	—	—	—	5,371	—	—	5,371
Tax taken to/recycled from equity	—	—	—	—	8,151	—	—	8,151
Total recognized income and expense attributable to equity holders of the Parent	(37,534)	(69,113)	(129,831)	43,244	188,720	148,723	(376)	143,833
Total equity before transactions with owners	351,419	523,912	1,215,313	(413,473)	1,287,187	720,297	2,145	3,686,800
Share-based payment charge	—	—	—	—	—	52,560	—	52,560
Dividends	—	—	—	—	—	(134,118)	—	(134,118)
Exercise of options	512	—	7,274	—	(66)	—	—	7,720
Acquisition earn-out	154	—	2,039	—	—	—	—	2,193
Conversion of exchangeable shares into ordinary shares	717	(92,134)	91,417	—	—	—	—	—
Redenomination of share capital (Note 20)	(270,991)	—	(1,231,075)	—	1,502,066	—	—	—
Total amounts attributable to minority interests	—	—	—	—	—	—	1,148	1,148
December 31, 2005	\$ 81,811	\$431,778	\$ 84,968	\$(413,473)	\$2,789,187	\$ 638,739	\$ 3,293	\$3,616,303

The accompanying notes form part of these financial statements.

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AMVESCAP PLC AND SUBSIDIARIES

Consolidated Cash Flow Statement

Year-ended December 31,
\$'000

	Notes	2005	2004
Operating profit		\$ 424,559	\$ 87,325
Depreciation, amortization and goodwill impairment	4	94,463	92,522
Interest paid		(88,210)	(85,331)
Interest received		17,389	11,927
Other investment (loss)/income		(15,411)	14,016
Taxation paid		(118,789)	(133,113)
Decrease in receivables		60,994	95,763
(Decrease)/Increase in payables		(31,524)	151,872
Loss on disposal of property, equipment and software		3,796	1,003
Gain on disposal of long-term investments		(520)	(12,004)
Decrease/(Increase) in current investments		122,362	(18,581)
Net cash inflow from operating activities		469,109	205,399
Investing:			
Purchase of property and equipment		(38,179)	(51,633)
Disposal of property and equipment		2,184	1,050
Purchase of long-term investments		(25,389)	(45,204)
Disposal of long-term investments		38,641	42,671
Acquisitions of businesses, net of cash acquired of \$4.8 million	3	—	(72,284)
Disposal of business, including cash of \$0.6 million	3	53,640	18,400
Net cash inflow/(outflow) from investing activities		30,897	(107,000)
Financing:			
Issues of ordinary share capital		7,720	7,895
Purchases of shares held by employee share ownership trusts		—	(95,458)
Dividends paid	9	(134,118)	(135,681)
Credit facility, net	17, 19	(81,000)	(79,000)
Issuance of senior notes	17, 19	—	496,087
Repayment of senior notes	17, 19	(79,476)	(320,524)
Net cash outflow from financing activities		(286,874)	(126,681)
Increase/(Decrease) in cash and cash equivalents	19	\$ 213,132	\$ (28,282)
Foreign exchange movement on cash and cash equivalents		(5,306)	11,884
Cash and cash equivalents, beginning of year		546,928	563,326
Cash and cash equivalents, end of year		<u>\$ 754,754</u>	<u>\$ 546,928</u>
The accompanying notes form part of these financial statements.			

AMVESCAP PLC AND SUBSIDIARIES

Notes to the Financial Statements

Note 1. Accounting Policies

Corporate Information

The separate financial statements of AMVESCAP PLC (Parent) and the consolidated financial statements of the Parent and all of its controlled subsidiaries (company) for the year ended December 31, 2005, were authorized for issue in accordance with a resolution of the directors on March 3, 2006. The Parent is incorporated and domiciled in the United Kingdom. Its shares are publicly traded. The principal activities of the company are described in Note 5. The principal accounting policies that are presented below are applicable to both the company and the Parent.

Basis of Accounting and Consolidation

The financial statements consolidate the financial statements of the Parent and all of its controlled subsidiaries. Control is achieved where the Parent has the power to govern the financial and operating policies of the subsidiary so as to obtain the benefits from its activities. No statement of income is presented for the Parent as permitted by S230 of the Companies Act 1985, as amended (the “Companies Act”). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act. Previously, the company followed generally accepted accounting practice in the U.K. (U.K. GAAP), which included standards issued by the U.K. Accounting Standards Board and the pronouncements of its Urgent Issues Task Force, and also the Companies Act. The disclosures required by IFRS 1, “First-time Adoption of International Financial Reporting Standards,” concerning the January 1, 2004 transition from U.K. GAAP to IFRS are given in Note 2.

IFRS comprise standards and interpretations approved by the International Accounting Standards Board and its predecessors, all of which have been approved by the European Commission at the current date. On September 1, 2005, the company adopted the amendment to IAS 39, “Fair value option,” and formally designated its investments on behalf of deferred compensation plans and its linked policyholder assets as Fair Value Through Profit and Loss investments. The fair value of these investments on the designation date was \$1.0 billion. Under U.K. GAAP, the linked policyholder assets were classified as a receivable. The company continues to monitor the development of new accounting standards and interpretations that were not effective at December 31, 2005. It is not currently anticipated that the adoption of these standards and interpretations will have a material impact on the financial statements.

The company has changed its presentation currency from sterling to U.S. dollars with effect from December 31, 2005. The comparative figures have been presented in U.S. dollars applying the exchange rates outlined in Note 29. On December 8, 2005, the Parent redenominated its share capital from sterling to U.S. dollars and changed its functional currency from sterling to U.S. dollars. The U.S. dollar more accurately reflects the currency of the underlying operations and financing of the Parent. See Note C to the Parent financial statements for additional information.

The financial statements have been prepared primarily on the historical cost basis; however certain items are presented using other bases such as fair value and recoverable amounts, where such treatment is appropriate. The financial statements of subsidiaries are prepared for the same reporting year as the Parent and use consistent accounting policies, which, where applicable, have been adjusted to IFRS from local generally accepted accounting principles or reporting regulations. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Minority interests represent the interests in certain entities within the company over which the company has control, but of which the company does not own all of the share capital.

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent liabilities. 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

On acquisition, the assets, liabilities and contingent liabilities, if reliably measurable, of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired attributable to the company is recognized as goodwill. The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognized. The results of entities acquired or sold during the year are included from or to the date control changes.

AMVESCAP PLC AND SUBSIDIARIES

Goodwill

Goodwill represents the excess of the 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. The recoverable amounts of each cash generating unit (the lowest group of identifiable assets that generate independent cash flows) are compared to its carrying amount to determine if impairment results. The recoverable amount of a cash generating unit is the higher of the fair value less costs to sell of the cash generating unit or its value-in-use (VIU).

Transaction data for similar assets within the asset management industry are obtained from an external valuations consultant and are used to assess the fair value less costs to sell as part of the annual goodwill impairment test. Key assumptions made in determining the fair value less costs to sell include an analysis of the purchase prices paid for similar acquisitions in the asset management industry as a multiple of the revenue streams acquired. These key assumptions reflect past acquisition experiences within the company and are applied to the cash generating units to arrive at an estimate of the fair value less costs to sell of the cash generating units.

VIU is calculated by first determining the estimate of future cash flows to be generated by the cash generating unit and then applying a discount rate equivalent to the company's weighted average cost of capital, adjusted for risks specific to the cash generating unit. VIU calculations are based on the cash generating unit's most recent budgets and (up to) five-year projections. Extrapolations are then made to the projections assuming declining growth rates on cash flow throughout the estimated life of the goodwill. Any impairment is recognized in the income statement and is not subsequently reversed.

On disposal of a business, the attributable amount of goodwill is included in the determination of profit or loss. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous U.K. GAAP amounts. Prior to 1998, goodwill was charged directly to other reserves. The goodwill has not been restated, and will not be included in determining any subsequent profit or loss on disposal.

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. Purchased 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 three to seven years.

Revenue

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, VAT and other sales-related taxes. Revenue is recognized when services have been provided, it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue represents management, distribution, transfer agent and other fees. Revenue is generally accrued over the period for which the service is provided, or in the case of performance-based management fees, when the contractual performance criteria have been met. Management fee revenues are derived from providing professional expertise to manage client accounts and include fees received from institutional advisory contracts and retail mutual funds, unit trusts, investment companies with variable capital and investment trusts. Management fees vary in relation to the level of client assets managed, and in certain cases are also based on investment performance. Distribution fees include 12b-1 fees received from certain mutual funds to cover allowable marketing expenses for those funds and also include asset-based sales charges paid by certain mutual funds for a period of time after the sale of those funds. Transfer agent fees are service fees charged to cover the expense of transferring shares of a mutual fund or units of a unit trust into the investor's name. Other fees include trading fees derived from generally non-recurring security or investment transactions and fees earned from the company's banking subsidiaries, such as interest earned from balances available on demand from clients and credit institutions and commissions earned from derivative instruments. Distribution fees, service fees and advisory fees that are passed through to external parties are presented separately from total revenues to arrive at Net Revenues on the income statement.

Interest income is accrued on cash and other interest-generating financial assets using the effective interest method.

AMVESCAP PLC AND SUBSIDIARIES

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

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 company's Canadian business participates in a funding arrangement with a bank whereby certain future revenue streams from asset-based and deferred redemption fees for each class B equivalent security are sold to the bank by a fund distribution entity unaffiliated with the company. The purchase price paid by the fund distribution entity for the revenue stream associated with any particular security under this arrangement is equal to a percentage of the price at which that security is sold. In return, the bank pays the B-share commissions to the Canadian financial advisors and brokers. There is no recourse to the company with respect to the proceeds from these programs. Under this arrangement, no commissions are capitalized or amortized as the transactions are financed through parties external to the company.

Property, Equipment and Depreciation

Property and equipment includes owned property, computer hardware and other equipment and is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on property and equipment at rates calculated to write off the cost, less estimated residual value, of each asset evenly 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; computers and other various equipment between three and seven years.

Impairment of Assets Excluding Goodwill

The carrying amounts of assets excluding goodwill 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, and if the recoverable amounts (the higher of the fair value less costs to sell or value-in-use) are estimated to be less than the carrying amounts, then the carrying amounts are reduced to their recoverable amounts, and an impairment charge is recognized immediately. The company uses the fair value less costs to sell in determining recoverable amounts. Where an impairment subsequently reverses, the carrying amounts of the assets and equity are increased to the revised estimate of their recoverable amounts, limited to the original carrying amounts less subsequent amortization or depreciation.

Investments

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the company commits to buy or sell the asset. As explained in Note 2, the company has not applied IAS 32, "Financial Instruments: Disclosure and Presentation," and IAS 39, "Financial Instruments: Recognition and Measurement," to the 2004 comparative financial statements included herein. Accordingly, the investment balances in the 2004 comparative financial statements are included using the policies and disclosures used under U.K. GAAP.

Policy applicable through December 31, 2004:

Long-term investments, including partnership investments, are stated at cost less provisions for any impairment in value. Investments held as current assets are stated at the lower of cost or net realizable value. Gains and losses on investments are recorded within other income and expense in the income statement in the period in which they arise.

Policy applicable from January 1, 2005:

Investments are initially recognized at fair value, adjusted by transaction costs, and are then classified as fair value through profit and loss, available-for-sale, or held-to-maturity. Fair value through profit and loss and available-for-sale investments are measured at fair value. Gains or losses arising from changes in the fair value of fair value through profit and loss investments are included in income, and gains or losses arising from changes in the fair value of available-for-sale investments are recognized in a separate component of equity until the investment is sold or otherwise disposed of, or until the investment is determined to be

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impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Held-to-maturity investments are measured at amortized cost, taking into account any discounts or premiums. Gains or losses on held-to-maturity investments are recognized in income when the investments are amortized or impaired.

Fair value is determined by reference to an active trading market, using quoted 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 debt obligations) 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. In certain instances, such as unquoted securities, where the fair values cannot be reliably measured, because the range of fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the investment is recorded at cost.

Derivative Financial Instruments

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

Leases

Rentals under operating leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are charged evenly to the income statement over the lease term. Benefits received and receivable as an incentive to enter an operating lease are also spread evenly over the lease term. When an operating lease obligation becomes onerous, a provision is recorded based on the best estimate of the present value of expenditure required to settle the obligation at the balance sheet date net of estimated sublease income.

Taxation

Tax expense represents the sum of current tax and deferred tax. Current tax is provided on taxable profits based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax is generally provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

Deferred tax assets and liabilities are not recognized where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized, and deferred tax liabilities are recognized where either the timing of the reversal of the temporary difference cannot be controlled or it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

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Deferred tax assets and liabilities in the Consolidated Balance Sheet have been offset on a jurisdiction by jurisdiction basis where they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities.

Foreign Currencies

Transactions in foreign currencies (currencies other than the functional currencies of the operation) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation are included in the income statement, with the exception of differences on foreign currency borrowings that provide an effective designated hedge against a net investment in a foreign entity. These differences are taken directly to equity until the disposal of the net investment, at which time they are recognized in the income statement. In the Parent's financial statements, a fair value hedge is utilized to revalue certain foreign currency investments in subsidiaries, allowing the revaluation of these assets to offset the revaluation of external foreign currency debt in the Parent's income statement.

The company's presentation 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 ruling 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 foreign operations' accounts are taken directly to equity. 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 ruling at the balance sheet date.

Pensions

For defined contribution schemes, contributions payable in respect of the accounting period are charged to the income statement. For defined benefit schemes, the cost of providing benefits is separately determined for each plan using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. A portion of actuarial gains and losses is recognized through the income statement if the net cumulative unrecognized actuarial gain or loss at the end of the previous reporting period exceeds the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) at that date and 10% of the fair value of any plan assets. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses, unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan.

Debt and Financing Costs

Upon initial recognition, debt balances are recorded at the net of the maturity amounts and any debt issue costs. Finance charges and debt issue costs are accounted for using the effective interest method. Interest charges are recognized in the income statement in the period in which they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity upon acquisition of three months or less. Certain cash and cash equivalents balances that are held to satisfy regulatory liquidity requirements are disclosed as restricted cash. Also included in cash and cash equivalents is cash to facilitate our trust operations and customer transactions in the company's affiliated funds. In addition, cash balances may not be readily accessible to the Parent due to certain tax adequacy requirements. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and Other Receivables And Payables

Trade and other receivables and payables are recorded at their original invoice amounts, less any provision.

AMVESCAP PLC AND SUBSIDIARIES*Provisions*

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Linked Assets and Liabilities

One of the company's subsidiaries is an insurance entity, established to facilitate retirement savings plans. Fair value through profit and loss investments and policyholder liabilities held by this business meet the definition of financial instruments and are carried in the balance sheet at fair value. Changes in fair value are recorded in the income statement. The liability to the policyholders is linked to the value of the investments. Management fees earned from policyholder investments are accounted for as described in the company's revenue accounting policy. Policyholder liabilities are measured in accordance with actuarial principles and guidance.

Share-Based Payment

The company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic valuation model. The expected life of share-based payment awards used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. In accordance with the transition provisions of IFRS, the company has applied this policy to all grants after November 7, 2002, that were unvested as of January 1, 2005.

Treasury Shares

Shares held by employee share ownership trusts associated with equity-settled share-based awards that have not vested unconditionally to the company's employees are valued at cost and are included as deductions from equity.

Dividends

Final dividends are recognized on the declaration date, which is the date when the dividend is formally approved by shareholders. Interim dividends are recognized when paid.

Note 2. First-Time Adoption of IFRS

The transition date to IFRS from U.K. GAAP was January 1, 2004. IFRS 1, "First-Time Adoption of IFRS," requires the adoption of IFRS accounting policies at the transition date but allows an entity to make certain elections for exemption from certain requirements of IFRS. The company has used the provisions of IFRS 1 in arriving at its transition date balance sheet amounts as follows:

Goodwill

The company has not applied IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before January 1, 2004. The company has elected to apply IAS 21, "The Effects of Changes in Foreign Exchange Rates," retrospectively to all goodwill arising from business combinations that occurred before the transition date to IFRS. Therefore, the carrying amount of the goodwill in the U.K. GAAP balance sheet at December 31, 2003, adjusted to reflect the underlying balances in the local currencies of the acquired entities, has been brought forward into the opening IFRS balance sheet.

Property and Equipment

The company measures the carrying values of all items of property and equipment at their historical cost in accordance with IAS 16, "Property, Plant and Equipment," on the date of transition and has not elected to use the fair values at the date of transition as the deemed cost.

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Employee Benefits

For defined benefit retirement and post-employment medical schemes, the company has recognized all cumulative actuarial gains and losses at the date of transition to IFRS.

Cumulative Translation Differences

The cumulative translation differences recognized in equity for all foreign operations are deemed to be zero at the transition date to IFRS. The gains or losses upon subsequent disposal of any foreign operation will exclude translation differences that arose before the date of transition to IFRS but will include translation differences accumulating after the date of transition to IFRS.

Share-Based Payment

IFRS 2, "Share-Based Payment" has been applied to equity instruments granted after November 7, 2002, but that were unvested by the transition date. The company has not applied IFRS 2 to grants occurring before November 7, 2002, or to grants after November 7, 2002, that vested before January 1, 2005.

Financial Instruments

The company has not applied IAS 32, "Financial Instruments: Presentation and Disclosure," and IAS 39, "Financial Instruments: Recognition and Measurement," to its 2004 comparatives. The impact of these standards is reflected through adjustments to equity at January 1, 2005. In the 2004 comparatives, financial instruments are included using the U.K. GAAP measurement bases.

Reconciliations from U.K. GAAP to IFRS

The tables below reconcile total shareholders' funds at January 1, 2004, and December 31, 2004, under U.K. GAAP to total equity under IFRS, and loss after taxation for the year ended December 31, 2004 from U.K. GAAP to IFRS.

Reconciliation of total U.K. GAAP shareholders' funds to IFRS total equity

<i>\$'000</i>	<u>Jan 1, 2004</u>	<u>Dec 31, 2004</u>
U.K. GAAP shareholders' funds and minority interests	\$3,650,225	\$3,577,525
IFRS Transition Adjustments:		
Goodwill and intangible assets	(230,618)	(31,262)
Shared-based payment	(12,162)	(12,513)
Defined benefit obligation, net	(54,112)	(57,563)
Dividends	93,310	78,643
Other	(4,472)	(11,863)
IFRS total equity	<u>\$3,442,171</u>	<u>\$3,542,967</u>

Reconciliation of U.K. GAAP loss after taxation to IFRS loss after taxation

<i>\$'000</i>	<u>Year ended Dec 31, 2004</u>
U.K. GAAP loss after taxation	\$(312,011)
IFRS Transition Adjustments:	
Goodwill	279,953
Share-based payment	934
Defined benefit obligation, net	(561)
Sale of business	4,821
Other	(9,090)
FX upon change in presentation to U.S. dollars	295
IFRS loss after taxation	<u>\$ (35,659)</u>

AMVESCAP PLC AND SUBSIDIARIES

There were no adjustments to the cash flow statement as a result of the transition from U.K. GAAP to IFRS; rather there were formatting changes to the presentation of the cash flow information. As required by IAS 7, "Cash Flow Statements," a cash flow statement under IFRS contains three sections of cash flow data: operating, investing and financing. This information is presented to reconcile the movement in cash and cash equivalents during the period. Under U.K. GAAP, the requirements for the presentation of cash flow information include the presentation of different categories of cash flow information, including operating, returns on investments and servicing of finance, taxation, acquisitions and disposals, dividends paid and financing. In addition, the cash flow statement under U.K. GAAP was presented to reconcile the movement in cash that is available within 24 hours without penalty (not cash equivalents or liquid resources) during the period.

IFRS Transition Adjustments:

Goodwill and intangible assets . The company has elected to apply IFRS 3 prospectively from the date of transition. This has resulted in the value of goodwill arising from previous acquisitions being frozen at the value held on the company's balance sheet at January 1, 2004, and the reversal of any amortization charged in 2004. The company has also elected to apply IAS 21, "The Effects of Changes in Foreign Exchange Rates," retrospectively to its goodwill and intangible asset balances, which were previously recorded in sterling from their respective acquisition dates. The result of this application is that goodwill and intangible assets have been redenominated into their underlying currencies and the non-U.S. dollar balances will subsequently be re-measured each reporting date for the effect of changes in foreign exchange rates.

Share-based payment . The company will recognize a charge in the Income Statement for the fair value of outstanding share awards granted to employees after November 7, 2002. The charge has been calculated using a stochastic option valuation model and will be charged over the relevant vesting periods, adjusted to reflect expected and actual levels of vesting.

Defined benefit obligation, net . The company will recognize the net liability for defined benefit post retirement plan schemes on the balance sheet and will take actuarial gains and losses on a systematic basis to the Income Statement, in accordance with the permitted methods of recognition under IAS 19, "Employee Benefits." As of January 1, 2004, the excess of defined benefit plan liabilities over the fair value of plan assets was \$106.8 million.

Sale of business . During 2004, the company disposed of its U.K. and Jersey businesses of Atlantic Wealth Management and included the previously written-off goodwill related to this business in the calculation of the net gain resulting from the sale. Under IFRS 1, "First-Time Adoption of IFRS," goodwill previously deducted from equity is not recognized in the opening balance sheet and that goodwill is not transferred into the income statement upon disposal of the business. This had the effect of increasing the gain previously reported under U.K. GAAP.

Dividends . The company will recognize dividends declared after the balance sheet date in the reporting period in which they are declared, as they represent non-adjusting events after the balance sheet date.

Reclassifications . For disclosure purposes, IFRS requires that certain reclassifications be made to the financial statements that were presented under U.K. GAAP, including the presentation of third-party distribution, service and advisory fees in the income statement separately from total revenues. Certain balance sheet reclassifications were made, including the presentation of the policyholder assets as investments (previously included in receivables), the presentation of software assets as intangible assets (previously included in property and equipment assets) and the separation of deferred tax liabilities from provisions.

Other . Other adjustments upon transition to IFRS include the recognition and establishment of accruals related to compensated absences, foreign exchange items and certain tax adjustments.

The company adopted IAS 32, "Financial Instruments: Disclosure and Presentation" and IAS 39, "Financial Instruments: Recognition and Measurement," from January 1, 2005. These standards require that financial assets and liabilities be recognized on the balance sheet and accounted for according to their underlying classification. Investments and shareholders' equity increased by \$29.1 million as a result of these changes, primarily arising from the recognition of net unrealized gains on investments classified as available-for-sale. Also as a result of the adoption of IAS 39, a charge of \$6.8 million was recorded within loss on sale of assets, investments and foreign exchange in the income statement during 2005. This charge was the result of foreign exchange revaluation of the U.S. dollar senior notes into sterling and was recorded before the change in functional currency from sterling to U.S. dollars. See Notes 1, 6, 20 and 27 for additional information.

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The company has also applied IFRS 4, "Insurance Contracts," from January 1, 2005, and has reclassified its linked policyholder assets, where they were presented under U.K. GAAP, into investments classified as fair value through profit and loss.

Note 3. Acquisitions and Dispositions

On July 15, 2005, the company completed the sale of the AMVESCAP Retirement business. This business provided administrative, recordkeeping, brokerage, trust and custodial services for retirement plans, individual retirement accounts, and education savings programs and accounts. The company disposed of all rights, title and interests in this business, including all of the issued and outstanding capital of one of its subsidiaries, AMVESCAP Services Inc. The results of this business are included through the closing date of the transaction. The disposal is analyzed as follows:

<i>\$'000</i>	
Non-current assets	6,165
Current assets, including cash of \$0.6 million	9,595
Current liabilities assumed	<u>7,700</u>
	23,460
Gain on sale	<u>32,626</u>
Cash consideration	<u>56,086</u>

On March 1, 2004, the company acquired 100% of the voting power over Stein Roe Investment Counsel LLC (Stein Roe) for consideration totaling \$163.7 million, which includes earn-out provisions of \$43.0 million. Goodwill and management contract intangible assets of \$157.9 million have been recorded on this acquisition, net cash paid was \$68.5 million, and shares were issued in satisfaction of \$47.3 million purchase consideration.

From the date of acquisition through the end of 2004, Stein Roe revenues were \$30.6 million. If the acquisition had taken place on January 1, 2004, Stein Roe revenues for the year would have been approximately \$40 million. Immediately following the acquisition, employees and cost streams were combined with the other businesses in the Private Wealth Management division. It is therefore impracticable to segregate the post acquisition expenses associated with the acquired entity.

The book and fair values of net assets acquired were determined as follows:

<i>\$'000</i>	Book value	Fair value adjustments	Fair value
Non-current assets, including acquired goodwill and intangible assets	37,767	(34,500)	3,267
Receivables	3,443	1,173	4,616
Cash	4,823	—	4,823
Payables	<u>(6,941)</u>	<u>—</u>	<u>(6,941)</u>
Net assets	39,092	(33,327)	5,765
Goodwill and intangible assets			<u>157,900</u>
			163,665
Satisfied by:			
Issuance of 6.1 million ordinary shares			47,342
Cash paid and provisions established			<u>116,323</u>
Total fair value of net assets			<u>163,665</u>

The value of the share consideration was determined by reference to the fair value of an ordinary share of AMVESCAP PLC at the acquisition date, which was £4.17. Adjustments include the write-off of pre-acquisition goodwill to equity and the establishment of deferred tax assets related to certain creditor balances.

On March 31, 2004, the company completed the sale of the U.K. and Jersey businesses of Atlantic Wealth Management. A gain of \$11.8 million was recorded within Gain on sale of business in the income statement. The disposal is analyzed as follows:

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<i>\$'000</i>	
Non-current assets sold	2,134
Other costs related to sale	6,736
	<u>8,870</u>
Gain on sale	<u>11,831</u>
Consideration (cash of \$18.4 million)	<u>20,701</u>

In December 2005, AMVESCAP outsourced its banking operations in Germany and on January 31, 2006, completed the sale of its German banking license. Net assets at December 31, 2005, were \$7.1 million. On January 23, 2006, the company announced the acquisition of PowerShares Capital Management LLC (PowerShares). The transaction, subject to certain conditions including approvals from the Board of Directors and the shareholders of PowerShares, is expected to close in the second or third quarter of 2006. The initial purchase consideration is \$60 million to be paid on closing. Additional consideration of up to a maximum of \$670 million is payable in the future depending on the achievement of various revenue and assets under management growth targets.

Note 4. Additional Operating Expense Information

<i>\$'000</i>	2005	2004
Wages and salaries	785,748	743,538
Payroll-related costs	53,136	50,355
Pension costs	73,342	66,516
Benefits costs	41,270	42,720
Share-related compensation	64,280	30,018
Other compensation costs	26,930	33,641
Total Compensation Costs	<u>1,044,706</u>	<u>966,788</u>

The average number of employees of the company during the year was 6,261 (2004: 6,812). Of these totals, 4,593 (2004: 4,824) were employed in North America and the remainder were employed in the U.K., Europe and Asia.

Included in operating expenses are the following non-cash charges:

<i>\$'000</i>	2005	2004
Depreciation	43,570	51,353
Amortization	34,337	41,169
Goodwill impairment charge	16,556	—
	<u>94,463</u>	<u>92,522</u>

Included in operating expenses in 2005 is a restructuring charge of \$75.7 million, related to operational and structural changes made as a result of a review of the business.

<i>\$'000, except per share data</i>	2005
Staff termination costs	45,014
Property costs	20,386
Fund rationalization costs	6,936
Other	<u>3,354</u>
Total restructuring charge	75,690
Taxation	<u>(17,439)</u>
Net income charge	<u>58,251</u>
Per share impact	<u>\$ 0.07</u>

The consolidated income statement for 2004 includes a charge of \$413.2 million relating to the mutual fund market timing investigations by regulators in the United States. The charge comprised settlement payments and civil penalties of \$376.7 million, along with related costs of \$36.5 million, primarily additional legal costs associated with the investigations. Previously, when reporting under U.K. GAAP, the settlement charge was included in exceptional items totaling \$450.3 million. The exceptional items, as reported in 2004, also included \$37.0 million primarily relating to estimates of lease payments in excess of the expected sublease proceeds over the remaining lives of the leases. These items have been reclassified into operating expenses in 2005.

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Cash paid in 2005 related to the restructuring charge was \$14.5 million and relating to the U.S. regulatory settlement was \$173.6 million (2004: \$237.7 million was paid relating to the U.S. regulatory settlement).

Note 5. Segmental Information

For management reporting purposes prior to the end of 2005, the company was organized into seven operating segments, including a Corporate segment. Each operating segment performed asset management activities. The company generally recorded inter-segment services and transfers as if the services or transfers were provided to third parties at current market prices. Beginning January 1, 2006, management realigned the business to achieve increased efficiencies and does not expect to continue to manage the business under the divisional business structure used in the past, which is presented below.

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2005

	INVESCO						
	AIM U.S.	AIM Canada	INVESCO U.S.	INVESCO U.K.	Europe/ Asia	Private Wealth/ Retirement	Total
<i>\$'000</i>							
Operating Profit information							
Total Revenues	966,141	592,123	395,056	704,195	112,880	108,823	2,879,218
Net Revenues:							
External	737,710	384,148	374,881	485,502	83,747	107,249	2,173,237
Inter-segment	4,323	(10,613)	17,607	(62,774)	42,617	8,840	—
	<u>742,033</u>	<u>373,535</u>	<u>392,488</u>	<u>422,728</u>	<u>126,364</u>	<u>116,089</u>	<u>2,173,237</u>
Operating profit	<u>248,477</u>	<u>210,326</u>	<u>102,041</u>	<u>97,312</u>	<u>(13,009)</u>	<u>(33,404)</u>	<u>611,743</u>
Restructuring charge							(75,690)
Unallocated corporate expenses							(111,494)
Operating profit							424,559
Other net gains							20,661
Interest expense							(85,142)
Profit before taxation							360,078
Taxation							(146,690)
Profit after taxation							<u>213,388</u>
Balance Sheet information							
Segment assets	473,985	117,952	928,282	2,930,173	396,651	339,126	5,186,169
Corporate assets							<u>2,391,459</u>
Total assets							7,577,628
Segment liabilities	(211,104)	(74,284)	(351,150)	(1,806,170)	(120,596)	(33,168)	(2,596,472)
Corporate liabilities							<u>(1,364,853)</u>
Total liabilities							<u>(3,961,325)</u>
Other information							
Capital additions							
Property and equipment	14,787	3,428	439	1,984	2,069	2,026	24,733
Intangible assets	7,406	1,288	1,407	2,901	44	401	13,447
Total capital additions	<u>22,193</u>	<u>4,716</u>	<u>1,846</u>	<u>4,885</u>	<u>2,113</u>	<u>2,427</u>	<u>38,180</u>
Depreciation, amortization and impairment	15,946	6,916	6,191	18,785	2,271	30,185	80,294
Corporate depreciation and amortization							<u>14,169</u>
Total depreciation, amortization and impairment							<u>94,463</u>

Portions of the Retirement division were sold during the year. See Note 3 for further information.

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2004

	INVESCO						
<i>\$'000</i>	AIM U.S.	AIM Canada	INVESCO U.S.	INVESCO U.K.	Europe/ Asia	Private Wealth/ Retirement	Total
Operating Profit information							
Total Revenues	1,064,748	525,981	358,982	555,339	132,467	119,974	2,757,491
Net Revenues:							
External	826,797	332,381	344,781	396,149	101,291	123,062	2,124,461
Inter-segment	(14,770)	(12,521)	7,048	(51,093)	41,403	29,933	—
	<u>812,027</u>	<u>319,860</u>	<u>351,829</u>	<u>345,056</u>	<u>142,694</u>	<u>152,995</u>	<u>2,124,461</u>
Operating profit	280,354	174,265	92,930	21,593	6,392	(11,730)	563,804
U.S. regulatory settlement							(413,211)
Unallocated corporate expenses							(63,268)
Operating profit							87,325
Other net gains							32,875
Interest expense							(81,171)
Profit before taxation							39,029
Taxation							(74,688)
Profit after taxation							(35,659)
Balance Sheet information							
Segment assets	524,960	178,573	701,587	2,336,233	516,600	334,687	4,592,640
Corporate assets							<u>2,826,991</u>
Total assets							7,419,631
Segment liabilities	(393,560)	(80,612)	(349,818)	(1,224,923)	(253,278)	(26,623)	(2,328,814)
Unallocated corporate liabilities							<u>(1,547,850)</u>
Consolidated total liabilities							(3,876,664)
Other information							
Capital additions							
Property and equipment	19,367	1,346	1,814	6,831	1,147	2,154	32,659
Intangible assets	<u>12,257</u>	<u>845</u>	<u>1,997</u>	<u>18</u>	<u>384</u>	<u>3,473</u>	<u>18,974</u>
Total capital additions	31,624	2,191	3,811	6,849	1,531	5,627	51,633
Depreciation and amortization	28,328	7,738	7,718	26,267	3,155	16,526	89,732
Corporate depreciation and amortization							<u>2,790</u>
Total depreciation, amortization and impairment							<u>92,522</u>

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Geographical analysis of the company's business, is as follows:

2005

<i>\$'000</i>	<u>U.K.</u>	<u>U.S.</u>	<u>Canada</u>	<u>Europe/ Asia</u>	<u>Total</u>
Operating Profit information	704,195	1,470,020	592,123	112,880	2,879,218
Total Revenues					
Net Revenues:					
External	485,502	1,219,840	384,148	83,747	2,173,237
Inter-segment	(62,774)	30,770	(10,613)	42,617	—
	<u>422,728</u>	<u>1,250,610</u>	<u>373,535</u>	<u>126,364</u>	<u>2,173,237</u>
Balance Sheet information					
Segment assets	2,951,600	1,719,966	117,952	396,651	5,186,169
Corporate assets					2,391,459
Total assets					7,577,628
Capital additions					
Property and equipment	1,984	17,252	3,428	2,069	24,733
Intangible assets	2,901	9,214	1,288	44	13,447
Total capital additions	<u>4,885</u>	<u>26,466</u>	<u>4,716</u>	<u>2,113</u>	<u>38,180</u>

2004

<i>\$'000</i>	<u>U.K.</u>	<u>U.S.</u>	<u>Canada</u>	<u>Europe/ Asia</u>	<u>Total</u>
Operating Profit information					
Total Revenues	557,963	1,541,080	525,981	132,467	2,757,491
Net Revenues:					
External	398,685	1,292,104	332,381	101,291	2,124,461
Inter-segment	(50,929)	22,047	(12,521)	41,403	—
	<u>347,756</u>	<u>1,314,151</u>	<u>319,860</u>	<u>142,694</u>	<u>2,124,461</u>
Balance Sheet information					
Segment assets	2,361,281	1,536,676	178,573	516,110	4,592,640
Unallocated corporate assets					2,826,991
Total assets					7,419,631
Capital additions					
Property and equipment	6,831	23,335	1,346	1,147	32,659
Intangible assets	18	17,727	845	384	18,974
Total capital additions	<u>6,849</u>	<u>41,062</u>	<u>2,191</u>	<u>1,531</u>	<u>51,633</u>

Net revenues reflects the geographical segments from which services are provided.

Note 6. Other Income and Expenses

<i>\$'000</i>	<u>2005</u>	<u>2004</u>
Investment Income:		
Interest receivable	16,705	10,395
Gain on disposal of assets	312	134
Gain from listed investments	1,162	5,014
Gain from unlisted investments	4,440	12,868
Profit of associated companies	740	1,480
	<u>23,359</u>	<u>29,891</u>
Loss on sale of assets investments, and FX:		
Loss on disposal of assets	(10,522)	(343)
Loss from unlisted investments	(2,004)	(8,504)
Loss from Taiwan bonds	(11,293)	—
Foreign exchange	(11,505)	—
	<u>(35,324)</u>	<u>(8,847)</u>

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The loss on disposal of assets includes \$7.2 million that arises from the outsourcing of the defined contribution platform in the U.K.

Note 7. Interest Expense

<i>\$'000</i>	<u>2005</u>	<u>2004</u>
Senior notes	62,509	63,452
Credit facility	4,484	5,666
Debt retirement costs	—	5,101
U.S. regulatory settlement*	7,235	2,360
Other	<u>10,914</u>	<u>4,592</u>
	<u>85,142</u>	<u>81,171</u>

* Interest costs associated with the payment terms of the U.S. regulatory settlement

Note 8. Taxation

<i>\$'000</i>	<u>2005</u>	<u>2004</u>
Consolidated income statement		
Current Income Tax		
Corporation tax for the period	(126,537)	(103,970)
Adjustments in respect of prior periods	(2,933)	(3,372)
Deferred Income Tax		
Relating to origination and reversal of temporary differences	(17,880)	35,371
Adjustments in respect of prior periods	660	(2,717)
Income tax expense reported in the consolidated income statement	<u>(146,690)</u>	<u>(74,688)</u>
Total U.K. corporation tax	(18,013)	(2,391)
Total foreign income tax	<u>(128,677)</u>	<u>(72,297)</u>
Income tax expense reported in the consolidated income statement	<u>(146,690)</u>	<u>(74,688)</u>
Consolidated statement of changes in equity		
Deferred tax related to additional tax deduction for share-based payment	12,518	—
Deferred tax related to mark-to-market adjustments on available-for-sale investments	(7,497)	—
Current tax related to realized foreign exchange loss	3,130	—
Income tax (expense) benefit reported in equity	<u>8,151</u>	<u>—</u>

A reconciliation between tax expense and the product of accounting profit multiplied by the blended average statutory income tax rate of the company for the years ended December 31, 2005 and 2004 is as follows:

<i>\$'000</i>	<u>2005</u>	<u>2004</u>
Accounting profit before tax from continuing operations	<u>360,078</u>	<u>39,029</u>
At blended average statutory income tax rate of 35.12% (2004: 33.42%)	126,456	13,044
Effects of:		
Non-deductible investment write-offs	5,622	3,207
Adjustment in respect of prior periods	2,273	6,089
Other permanent items	3,908	(5,602)
Europe and Asia restructuring provisions	9,835	—
Europe and Asia operating losses	10,683	3,439
Previously unrecognized losses	(6,345)	—
Additional tax loss on retirement division sale	(3,955)	—
Net movement in tax reserves	(1,787)	1,111
Non-deductible U.S. regulatory settlement penalties	—	53,400
Income tax expense as reported in the consolidated income statement	<u>146,690</u>	<u>74,688</u>

Our subsidiaries operate in several taxing jurisdictions around the world, each with its own statutory income tax rate. As a result, the blended average statutory income 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 30%, the Canadian statutory tax rate is 36.12% and the U.S. statutory tax rate can range from 36%–42% depending upon the applicable state tax rate(s).

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Deferred income tax at December 31 related to the following:

Deferred Tax Assets

<i>\$'000</i>	2005	2004
Deferred compensation arrangements	82,398	42,103
Restructuring accruals	24,513	63,458
Tax losses carried forward	17,803	32,816
Post-retirement medical, pension and other benefits	45,926	48,016
Fixed asset depreciation	7,208	4,618
Investment basis differences	6,275	6,656
Other	13,650	13,508
Ending balance prior to offset	197,773	211,175
Offset within same tax jurisdiction	(47,173)	(61,061)
Net deferred tax assets	<u>150,600</u>	<u>150,114</u>

Deferred Tax Liabilities

<i>\$'000</i>	2005	2004
Deferred sales commissions	(28,477)	(39,647)
Intangible asset amortization	(10,421)	(12,031)
Undistributed earnings of subsidiaries	(3,770)	(4,167)
Basis differences on available for sale assets	(7,099)	—
Revaluation reserve	(6,406)	—
Tax reserves	(33,169)	(36,655)
Other	(1,327)	(5,216)
Ending balance prior to offset	(90,669)	(97,716)
Offset within same tax jurisdiction	47,173	61,061
Net deferred tax liabilities	<u>(43,496)</u>	<u>(36,655)</u>
Deferred tax assets net of liabilities	<u>107,104</u>	<u>113,459</u>

Movements on net deferred tax of \$(6.4) million comprise a deferred tax expense in the consolidated income statement of \$17.2 million less foreign exchange and other reclasses of \$5.8 million and \$5.0 million reflected in the statement of changes in equity:

Deferred Tax in the statement of changes in equity:

<i>\$'000</i>	2005	2004
Deferred tax related to additional tax deduction for share-based payment	12,518	—
Deferred tax related to mark-to- market adjustments on available- for-sale investments	(7,497)	—
	<u>5,021</u>	<u>—</u>

Deferred tax assets and liabilities in the Consolidated Balance Sheet have been offset on a jurisdiction by jurisdiction basis where they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities.

At December 31, 2005, the company had tax loss carryforwards accumulating in certain subsidiaries in the aggregate of \$127.5 million (2004: \$73.1 million) for which deferred tax has not been recognized as the losses may not be utilized to offset taxable profits elsewhere in the company, and they have arisen in subsidiaries that have not shown a history of taxable profits and/or the amount of the losses is greater than the expected profit in the near future. The tax loss carryforwards at December 31, 2005 will expire as follows:

<i>\$'000</i>	2006–2008	2009–2011	After 2011	Unlimited
	5,211	11,179	1,793	109,335

Deferred tax assets of \$17.8 million (2004: \$32.8 million) have been recognized on tax losses in certain subsidiaries as it is more likely than not that each subsidiary will have taxable profits in the foreseeable future to enable utilization of the amounts recognized.

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Deferred tax liabilities are recognized for taxes that would be payable on the unremitted earnings of the company's non-U.K. subsidiaries, associates, and joint ventures except where there is no intention to distribute subsidiary earnings in the foreseeable future or for associates and joint ventures where profits cannot be distributed without the consent of the parent company. The temporary difference associated with our investment in Canada for which deferred tax liabilities have not been recognized is estimated to be \$500.0 million (2004: \$470.0 million). If distributed as a dividend, Canadian withholding tax of 5% would apply. For associates and joint ventures, no consent to distribute profits was given as of the balance sheet date.

Deferred tax liabilities in the amount of \$3.8 million (2004: \$4.2 million) for additional U.K. tax have been recognized for unremitted earnings of certain subsidiaries that have regularly remitted earnings to the Parent and are expected to continue to remit earnings in the foreseeable future.

There are no adverse income tax consequences to the company related to the payment of dividends by the company to its shareholders.

Note 9. Dividends

<i>\$'000</i>	2005	2004
Declared and paid during the year:		
Final dividend in respect of 2004, 5.0p per share (2003: 6.5p)		
Ordinary shares	72,408	96,312
Exchangeable shares	2,573	3,496
Final dividend paid	<u>74,981</u>	<u>99,808</u>
Interim dividend paid in respect of 2005, 4.0p per share (2004: 2.5p)		
Ordinary shares	57,162	34,555
Exchangeable shares	1,975	1,318
Interim dividend paid	<u>59,137</u>	<u>35,873</u>
Total dividend paid	<u>134,118</u>	<u>135,681</u>
Proposed for approval at AGM (not recognized as a liability at Dec 31):		
Final proposed in respect of 2005, 5.5p per share (2004: 5.0p)		
Ordinary shares	76,308	75,943
Exchangeable shares	2,163	2,702
Final dividend proposed	<u>78,471</u>	<u>78,645</u>

Up to and including the 2005 final dividend, dividends were declared in sterling. The final dividend proposed will not equal the final dividend paid due to foreign exchange rate movement and changes in the number of shares over which the dividend is ultimately paid.

The trustees of the Employee Share Option Trust waived dividends amounting to \$3.1 million in 2005 (2004: \$3.2 million).

Note 10. Earnings per Share

Basic earnings per share is based on the weighted average number of ordinary and exchangeable shares outstanding during the respective periods, excluding shares purchased by employee share ownership trusts. Diluted earnings per share takes into account the effect of the potential issuance of ordinary shares.

The calculation of earnings per share is as follows:

<i>'000</i>	Profit/(loss) attributable to equity holders of the parent	Number of shares	Per share amount
2005			
Basic earnings per share	\$ 212,240	793,958	\$ 0.27
Dilutive effect of options	—	11,105	
Diluted earnings per share	<u>\$ 212,240</u>	<u>805,063</u>	<u>\$ 0.26</u>
2004			
Basic and diluted earnings per share	<u>\$ (36,195)</u>	<u>802,160</u>	<u>\$ (0.05)</u>

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Profit before the restructuring charge in 2005 and the U.S. regulatory settlement in 2004 is a more appropriate basis for the calculation of earnings per share because this represents a more consistent measure of the year-by-year performance of the business; therefore, the calculation below is presented on that basis.

<u>'000</u>	<u>Profit before the restructuring charge</u>	<u>Number of shares</u>	<u>Per share amount</u>
2005			
Basic earnings per share	\$ 270,491	793,958	\$ 0.34
Dilutive effect of options	—	11,105	
Diluted earnings per share	<u>\$ 270,491</u>	<u>805,063</u>	<u>\$ 0.34</u>
<u>'000</u>	<u>Profit before the U.S. regulatory settlement</u>	<u>Number of shares</u>	<u>Per share amount</u>
2004			
Basic earnings per share	\$ 281,978	802,160	\$ 0.35
Dilutive effect of options	—	4,527	
Diluted earnings per share	<u>\$ 281,978</u>	<u>806,687</u>	<u>\$ 0.35</u>

Profit/(loss) attributable to equity holders of the Parent and diluted earnings per share are reconciled to profit and earnings per share before the restructuring charge in 2005 and the U.S. regulatory settlement charges in 2004 as follows:

<u>\$'000, except per share data</u>	<u>Profit/(loss)</u>	<u>Diluted earnings per share</u>
2005		
Profit attributable to equity holders of the Parent	\$212,240	\$ 0.26
Restructuring charge	75,690	0.09
Tax benefit resulting from restructuring charge	(17,439)	(0.02)
Other adjustments	—	0.01
Profit before the restructuring charge	<u>\$270,491</u>	<u>\$ 0.34</u>
2004		
Loss attributable to equity holders of the Parent	\$ (36,195)	\$ (0.05)
U.S. regulatory settlement	413,211	0.51
Tax benefit resulting from U.S. regulatory settlement charge	(95,038)	(0.11)
Profit before the U.S. regulatory settlement charge	<u>\$281,978</u>	<u>\$ 0.35</u>

Note 11. Goodwill

<u>\$'000</u>	
January 1, 2004	3,984,878
Acquisition	125,842
Other adjustments	(7,660)
Reduction in earn-out provisions	(49,517)
Foreign exchange	263,848
December 31, 2004	<u>4,317,391</u>
Impairment charge recognized during the year	(16,556)
Other adjustments	7,440
Reduction in earn-out provisions	(1,082)
Foreign exchange	(93,545)
December 31, 2005	<u>4,213,648</u>

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Goodwill acquired through business combinations is allocated to the following segments, which are also considered cash generating units for impairment testing:

<i>\$'000</i>	2005	2004
Cash Generating Unit:		
AIM U.S.	228,611	228,611
AIM Canada	1,519,394	1,436,925
INVESCO U.S.	454,501	460,411
INVESCO U.K.	1,547,143	1,700,819
INVESCO Europe/Asia	245,197	255,841
Private Wealth Management	218,802	234,784
	<u>4,213,648</u>	<u>4,317,391</u>

Acquisitions completed by AMVESCAP are generally unique to one cash generating unit and have resulting goodwill allocated directly to the cash generating unit. In certain cases acquisitions have occurred that have involved more than one cash generating unit. In these cases, the goodwill is allocated to the cash generating units by the percentage of revenue that the unit will obtain compared to the total revenue acquired. By using a percentage of revenue, the goodwill will be matched to the cash generating unit's economic benefits received from the acquisition.

The 2005 goodwill impairment review was based on fair value less costs to sell for all cash generating units except Private Wealth Management, which was based on value-in-use. The impairment review methodology employed is presented in Note 1. As a result of the 2005 goodwill impairment review, the company recognized a non-cash goodwill impairment charge of \$16.6 million (\$10.4 million after tax, or \$0.01 per share) included in General and Administrative costs on the income statement related to the Private Wealth Management business. The key assumptions used to determine the fair value of the Private Wealth Management business included: a) cash flow periods of 20 years (the assumed useful life of the goodwill); and b) a discount rate of 12%, which was based upon the company's weighted average cost of capital, adjusted for the risks associated with the operations. A variance in the discount rate could have a significant impact on the amount of the goodwill impairment charge recorded. For example, a 1% increase in the discount rate would have caused an increase in the goodwill impairment charge of approximately \$31 million. A 1% decrease in the discount rate would have resulted in no impairment.

Note 12. Intangible Assets

Intangible assets are comprised of purchased software and management contract intangible assets that arose from prior acquisitions of subsidiaries. Amortization of software intangible assets is included within Technology/telecommunications in the income statement. Amortization of management contract intangible assets is included within General and Administrative costs in the income statement.

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<i>\$'000</i>	<u>Software</u>	<u>Management Contract Intangibles</u>	<u>Total</u>
Cost:			
January 1, 2004	201,867	58,431	260,298
Foreign exchange	5,267	490	5,757
Additions	18,974	—	18,974
Business acquisition	—	32,058	32,058
Disposals	(2,116)	—	(2,116)
Other adjustments	—	1,143	1,143
December 31, 2004	<u>223,992</u>	<u>92,122</u>	<u>316,114</u>
Accumulated amortization:			
January 1, 2004	(133,940)	(11,064)	(145,004)
Foreign exchange	(1,635)	(150)	(1,785)
Provided during the year	(32,299)	(8,870)	(41,169)
Disposals	1,713	—	1,713
December 31, 2004	<u>(166,161)</u>	<u>(20,084)</u>	<u>(186,245)</u>
Net book value:			
December 31, 2004	<u>57,831</u>	<u>72,038</u>	<u>129,869</u>
Cost:			
January 1, 2005	223,992	92,122	316,114
Foreign exchange	(4,731)	(722)	(5,453)
Additions	13,447	—	13,447
Business disposition	(16,853)	—	(16,853)
Disposals	(7,739)	—	(7,739)
December 31, 2005	<u>208,116</u>	<u>91,400</u>	<u>299,516</u>
Accumulated amortization:			
January 1, 2005	(166,161)	(20,084)	(186,245)
Foreign exchange	2,542	126	2,668
Provided during the year	(24,980)	(9,357)	(34,337)
Business disposition	13,003	—	13,003
Disposals	4,366	—	4,366
December 31, 2005	<u>(171,230)</u>	<u>(29,315)</u>	<u>(200,545)</u>
Net book value:			
December 31, 2005	<u>36,886</u>	<u>62,085</u>	<u>98,971</u>

Note 13. Investments

Non-Current Investments

<i>\$'000</i>	<u>2005</u>	<u>2004</u>
Available-for-sale investments:		
Partnerships	31,254	18,717
Collateralized debt obligations	48,520	35,751
Seed money in affiliated mutual funds/products	37,532	26,009
Treasury/government agency securities	3,820	4,345
Other	8,304	6,492
Fair value through profit and loss investments:		
Investments held on behalf of deferred compensation plans	8,782	32,942
Held to maturity investments:		
Treasury/governmental agency securities	11,198	10,222
Total non-current investments	<u>149,410</u>	<u>134,478</u>
Listed	24,276	25,522
Unlisted	<u>125,134</u>	<u>108,956</u>
	<u>149,410</u>	<u>134,478</u>

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Current Investments

<i>\$'000</i>	2005	2004
Available-for-sale investments:		
Bank liquidity investments	—	93,641
Seed money in affiliated mutual funds/products	25,106	29,348
Treasury/governmental agency securities	1,280	11,565
Fair value through profit and loss investments:		
Assets held for policyholders	1,170,804	796,384
Other	2,904	24,587
Held to maturity investments:		
Treasury/governmental agency securities	1,982	2,999
Total current investments	<u>1,202,076</u>	<u>958,524</u>
Listed	22,345	110,871
Unlisted	<u>1,179,731</u>	<u>847,653</u>
	<u>1,202,076</u>	<u>958,524</u>

As discussed in Note 2, the company adopted IAS 32, “Financial Instruments: Disclosure and Presentation” and IAS 39, “Financial Instruments: Recognition and Measurement,” from January 1, 2005. These standards require that financial assets and liabilities be recognized on the balance sheet and accounted for according to their underlying classification. The disclosures above reflect the 2004 U.K. GAAP balances in the IFRS formats.

At December 31, 2004 the fair value of available-for-sale investments was \$254.8 million. During 2005, fair value movements on available-for-sale investments were \$5.4 million and were recorded as movements in equity. As discussed in Note 1, the fair values of collateralized debt obligations are determined using discounted cash flow analyses. An increase or decrease in the discount rate of 1% could change the valuation of the collateralized debt obligations by \$1.3 million. The fair value of long-term held to maturity investments is \$11.1 million at December 31, 2005 (2004: \$10.4 million). The fair value of short-term held to maturity investments is \$2.0 million at December 31, 2005 (2004: \$3.0 million).

Note 14. Property and Equipment

<i>\$'000</i>	Technology and other equipment	Freehold Land and buildings	Total
Cost:			
January 1, 2004	482,876	97,142	580,018
Foreign exchange	13,915	8,172	22,087
Additions	32,553	106	32,659
Business acquisition	3,268	—	3,268
Disposals	(16,913)	—	(16,913)
December 31, 2004	<u>515,699</u>	<u>105,420</u>	<u>621,119</u>
Accumulated depreciation:			
January 1, 2004	(342,224)	(4,189)	(346,413)
Foreign exchange	(12,123)	492	(11,631)
Provided during the year	(48,567)	(2,786)	(51,353)
Disposals	15,265	—	15,265
December 31, 2004	<u>(387,649)</u>	<u>(6,483)</u>	<u>(394,132)</u>
Net book value:			
December 31, 2004	<u>128,050</u>	<u>98,937</u>	<u>226,987</u>

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	Technology and other equipment	Freehold Land and buildings	Total
<i>\$'000</i>			
Cost:			
January 1, 2005	515,699	105,420	621,119
Foreign exchange	(10,623)	(9,297)	(19,920)
Additions	24,733	—	24,733
Business disposition	(18,767)	—	(18,767)
Disposals	(17,050)	(7,355)	(24,405)
December 31, 2005	<u>493,992</u>	<u>88,768</u>	<u>582,760</u>
Accumulated depreciation:			
January 1, 2005	(387,649)	(6,483)	(394,132)
Foreign exchange	9,846	691	10,537
Provided during the year	(41,915)	(1,655)	(43,570)
Business disposition	16,801	—	16,801
Disposals	7,648	—	7,648
December 31, 2005	<u>(395,269)</u>	<u>(7,447)</u>	<u>(402,716)</u>
Net book value:			
December 31, 2005	<u>98,723</u>	<u>81,321</u>	<u>180,044</u>

Note 15. Trade and Other Receivables

	2005	2004
<i>\$'000</i>		
Unsettled fund receivables	411,998	245,489
Trade receivables	196,728	213,091
Prepayments	57,524	85,689
Accrued income	38,702	34,662
Customer and counterparty receivables	1,383	165,423
Other receivables	<u>42,846</u>	<u>100,004</u>
	<u>749,181</u>	<u>844,358</u>

Note 16. Current Liabilities

	2005	2004
<i>\$'000</i>		
Policyholder liabilities	1,170,804	796,384
Unsettled fund payables	423,805	239,796
Accruals and other liabilities	324,501	449,354
Customer and counterparty payables	234,484	464,251
Compensation and benefits	225,113	184,772
Trade payables	75,428	74,144
Current provisions	52,108	28,449
Current maturities of long-term debt	10,045	79,476
Corporation tax payable	<u>6,871</u>	<u>10,161</u>
	<u>2,523,159</u>	<u>2,326,787</u>

As discussed in Note 1, policyholder liabilities are marked to their market value and are held as fair value through profit and loss financial liabilities.

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Note 17. Long-Term Debt

<i>\$'000</i>	2005 Book Value	2005 Fair Value	2004 Book Value	2004 Fair Value
Senior notes:				
US\$79.5 million due May 16, 2005 at 6.6%	—	—	79,476	80,575
US\$300 million due January 15, 2007 at 5.9%	299,410	302,055	298,741	306,350
US\$300 million due December 15, 2009 at 4.5%	297,854	291,891	297,856	296,241
US\$350 million due February 27, 2013 at 5.375%	346,698	345,587	346,234	351,518
US\$200 million due December 15, 2014 at 5.375%	198,229	196,215	198,231	193,847
US\$10 million due December 15, 2006 at 6.875%	10,045	10,170	10,106	10,315
US\$900 million credit facility expiring March 31, 2010	70,000	70,000	151,000	151,000
Total debt	1,222,236	1,215,918	1,381,644	1,389,846
Less: current maturities of long-term debt	(10,045)	(10,170)	(79,476)	(10,315)
Total long-term debt	1,212,191	1,205,748	1,302,168	1,379,531

The credit facility provides for borrowings of various maturities and contains certain conditions. Financial covenants under the credit agreement include the quarterly maintenance of a debt/EBITDA ratio of not greater than 3.25:1.00 and a coverage ratio of not less than 4.00:1.00 (EBITDA/interest payable for the four consecutive fiscal quarters ended before the date of determination). Interest is payable on the credit facility based upon LIBOR, Prime, Federal Funds or other bank-provided rates in existence at the time of each borrowing.

Analysis of Borrowings:

<i>\$'000</i>	2005	2004
Less than one year	10,045	79,476
Between one and three years	299,410	308,847
Between three and five years	367,854	297,856
Thereafter	544,927	695,465
Total debt	1,222,236	1,381,644

Note 18. Provisions

<i>\$'000</i>	Acquisition	Defined benefit obligation	Leases and other	Total
January 1, 2005				
Current	11,845	—	16,604	28,449
Non-current	49,592	117,137	44,325	211,054
	61,437	117,137	60,929	239,503
Cash paid	(7,569)	(272)	(11,456)	(19,297)
Reduction in earn-out provisions	(3,136)	—	—	(3,136)
German bank pension	—	11,125	—	11,125
Discount rate unwinding	—	—	1,703	1,703
Provisions released	—	—	(2,095)	(2,095)
Provisions established	—	8,546	10,581	19,127
Other adjustments	—	(904)	(1,194)	(2,098)
Foreign exchange	(1,530)	(6,986)	(1,729)	(10,245)
December 31, 2005	49,202	128,646	56,739	234,587
Current	17,394	23,465	11,249	52,108
Non-Current	31,808	105,181	45,490	182,479
Total	49,202	128,646	56,739	234,587

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Expected timing of payments for provisions is as follows:

<i>\$'000</i>	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Thereafter</u>
Acquisition provisions	49,202	17,394	31,808	—	—
Defined benefit obligation	128,646	23,465	2,490	2,119	100,572
Leases and other	56,739	11,249	16,881	9,646	18,963
Total	<u>234,587</u>	<u>52,108</u>	<u>51,179</u>	<u>11,765</u>	<u>119,535</u>

Acquisition provisions consist of a \$35.7 million earn-out provision established for the acquisition of Stein Roe. The earn-out provision will be released annually through the third anniversary of the closing in 2007 and will be satisfied by the issuance of shares and the payment of cash. Also included in acquisition provisions is \$4.6 million remaining on a retention provision established at the time of the acquisition of National Asset Management, which is expected to be settled in cash during 2006. The acquisition of the real estate asset management business of Hypo und Vereinsbank in 2003 resulted in the recognition of a \$5.9 million deferred acquisition provision, to be paid in 2006.

The company operates defined benefit schemes for qualifying employees of its subsidiaries in the U.K., Ireland, Germany, Taiwan and the U.S. The company also operates a post-retirement medical plan in the U.S. See Note 24 for additional details.

Lease provisions of \$53.7 million at December 31, 2005, consist of an estimate of the costs associated with onerous leases resulting from excess office space in the U.S. and the U.K. The provisions reflect calculations of the lease payments in excess of the expected sublease proceeds over the remaining lives of the leases. Other provisions of \$3.1 million include amounts established to meet various client claims.

Note 19. Analysis of Cash, Cash Equivalents and Net Debt

<i>\$'000</i>	<u>January 1</u>	<u>Cash flow</u>	<u>Non-cash changes and translation</u>	<u>December 31</u>
2005				
Net cash:				
Total cash	546,928	213,132	(5,306)	754,754
Less: cash equivalents	<u>(151,546)</u>	<u>(114,146)</u>	<u>695</u>	<u>(264,997)</u>
	395,382	98,986	(4,611)	489,757
Client cash*	<u>(290,333)</u>	<u>23,671</u>	<u>541</u>	<u>(266,121)</u>
	105,049	122,657	(4,070)	223,636
Cash equivalents	151,546	114,146	(695)	264,997
Debt due within one year	<u>(79,476)</u>	79,476	(10,045)	(10,045)
Debt due after more than one year	<u>(1,302,168)</u>	81,000	8,977	<u>(1,212,191)</u>
Finance leases	<u>(170)</u>	<u>—</u>	<u>53</u>	<u>(117)</u>
Net Debt	<u>(1,125,219)</u>	<u>397,279</u>	<u>(5,780)</u>	<u>(733,720)</u>
2004				
Net cash:				
Total cash	563,326	(28,282)	11,884	546,928
Less: cash equivalents	<u>(153,468)</u>	10,747	(8,825)	<u>(151,546)</u>
Bank overdraft	<u>(397)</u>	497	(100)	<u>—</u>
	409,461	(17,038)	2,959	395,382
Client cash*	<u>(291,707)</u>	<u>2,086</u>	<u>(712)</u>	<u>(290,333)</u>
	117,754	(14,952)	2,247	105,049
Cash equivalents	153,468	(10,747)	8,825	151,546
Debt due within one year	<u>—</u>	320,524	(400,000)	<u>(79,476)</u>
Debt due after more than one year	<u>(1,283,655)</u>	<u>(417,087)</u>	<u>398,574</u>	<u>(1,302,168)</u>
Finance leases	<u>(13)</u>	<u>—</u>	<u>(157)</u>	<u>(170)</u>
Net Debt	<u>(1,012,446)</u>	<u>(122,262)</u>	<u>9,489</u>	<u>(1,125,219)</u>

* Client cash includes deposits in subsidiary trust institutions as well as cash held by certain distributor subsidiaries to facilitate customer transactions in the company's affiliated funds. In addition, certain cash balances may not be readily accessible to the

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Parent due to certain tax and adequacy requirements.

Included in cash and cash equivalents at December 31, 2005, is \$0.5 million (2004: \$0.6 million) that is not available for general use by the company due to regulatory net capital restrictions required in certain subsidiary locations.

Note 20. Called Up Share Capital and Exchangeable Shares

Ordinary Shares

'000	2005		2004	
	Number	Book Value	Number	Book Value
Authorized ordinary shares of 10 cents each (2004: 25 pence each)	1,050,000	\$105,000	1,050,000	\$503,790
Allotted, called up and fully paid ordinary shares of 10 cents each (2004: 25 pence each)	818,107	\$ 81,811	810,657	\$388,953
Authorized and issued deferred sterling shares of £1 each	50	\$ 87	—	\$ —

Effective December 8, 2005, the ordinary share capital of the Parent was redenominated from 25 pence per share to 10 cents per share implemented by way of a reduction of capital pursuant to Section 135 of the Companies Act. Following Court approval, the sterling share capital was reduced to £nil and the related share premium account was cancelled. The credits arising on the Parent's books were then transferred to a special reserve, converted to U.S. dollars using the foreign exchange rate on the effective date, and applied by the creation of new 10 cent shares. The 10 cent shares were then immediately issued to shareholders in the proportion of one new 10 cent share for every one 25 pence share previously held.

Immediately prior to the reduction of share capital becoming effective, the Parent increased its share capital by £50,000 by the creation of 50,000 deferred sterling shares to ensure that the share capital of the Parent will continue to satisfy the requirements of Section 118 of the Companies Act that any public company maintain a minimum share capital of £50,000. The deferred sterling shares have no rights to participate in the profits of the Parent, no rights to attend or to vote at any general meetings and will have no rights to any assets of the Parent upon a winding up.

As of December 31, 2005, unissued ordinary shares are reserved for the following purposes:

	Shares	Prices	Last expiry date
Options arising from acquisitions	1,018,144	66p–1366p	Feb 2010
Conversion of exchangeable shares	22,648,116	—	Dec 2009
Subscription agreement (options) with the Employee Share Option Trust	46,388,530	25p–1680p	Apr 2013
Options granted under the AMVESCAP 2000 Share Option Plan	81,678,490	319.25p–1440p	Dec 2015
Options granted under Sharesave plans	3,554,194	268p–805p	May 2010

Exchangeable Shares

The exchangeable shares issued by a subsidiary of the Parent are exchangeable into ordinary shares of the Parent on a one-for-one basis at any time at the request of the holder. They have, as nearly as practicable, the economic equivalence of the Parent's ordinary shares, including the same voting and dividend rights as the ordinary shares. The Parent can redeem all outstanding exchangeable shares for ordinary shares after December 31, 2009, or earlier if the total number of exchangeable shares falls below 5 million.

The exchangeable shares are included as part of share capital in the consolidated balance sheet to present a complete view of the company's capital structure, as they are economically equivalent to, and will become, ordinary shares.

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Movements in ordinary and exchangeable shares comprise:

	Number of ordinary shares	Exchangeable shares
January 1, 2004	801,057,775	30,118,727
Exercises of share options	1,425,974	—
Acquisitions and acquisition earn-outs	6,202,445	—
Converted from exchangeable shares into ordinary shares	1,970,611	(1,970,611)
December 31, 2004	810,656,805	28,148,116
Exercises of share options	1,442,532	—
Acquisitions and acquisition earn-outs	507,562	—
Converted from exchangeable shares into ordinary shares	5,500,000	(5,500,000)
December 31, 2005	818,106,899	22,648,116

Shares Held by Employee Trusts

Shares held by employee trusts represent the holdings of the ordinary shares of AMVESCAP PLC by its employee share ownership trusts.

Movements in shares held by employee trusts comprise:

	Number
January 1, 2004	30,263,615
Purchases of ordinary shares	15,224,640
December 31, 2004	45,488,255
Purchases of ordinary shares	—
December 31, 2005	45,488,255

The market price of ordinary shares at the end of 2005 was 442 pence. The total market value of shares held by employee trusts was \$349,177,000 on December 31, 2005 (2004: \$280,018,000).

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Note 21. Other Reserves

Movements in other reserves of the company comprise:

\$'000	Tax reserve	Warrant reserve	Capital redemption reserve	Currency reserve	Merger reserve	Goodwill and other reserves	Special reserve	Revaluation reserve	Total other reserves
January 1, 2004	—	6,063	7,055	—	2,849,750	(1,897,244)	—	—	965,624
Currency translation differences resulting from change in presentation currency	—	521	605	—	245,808	—	—	—	246,934
Currency translation differences on investments in overseas subsidiaries	—	—	—	(205,395)	—	46,845	—	—	(158,550)
Exercise of options	—	(44)	—	—	—	—	—	—	(44)
Acquisition of subsidiary	—	—	—	—	44,503	—	—	—	44,503
December 31, 2004	—	6,540	7,660	(205,395)	3,140,061	(1,850,399)	—	—	1,098,467
Adoption of IAS 32/39 on January 1, 2005	—	—	—	—	—	—	—	29,100	29,100
Currency translation differences resulting from change in presentation currency	—	(631)	(739)	—	(303,011)	—	—	—	(304,381)
Currency translation differences on investments in overseas subsidiaries	—	—	—	494,594	—	(42,566)	—	(1,549)	450,479
Exercise of options	—	(66)	—	—	—	—	—	—	(66)
Gain/losses on available-for- sale assets	—	—	—	—	—	—	—	5,371	5,371
Tax taken/to recycled from equity	8,151	—	—	—	—	—	—	—	8,151
Redenomination of share capital	—	—	—	—	—	—	1,502,066	—	1,502,066
December 31, 2005	8,151	5,843	6,921	289,199	2,837,050	(1,892,965)	1,502,066	32,922	2,789,187

Nature and Purpose of Reserves

Tax reserve. The tax reserve relates to the future tax benefits associated with share-based payments, net of future tax liabilities related to available-for-sale investment revaluation and current tax benefits for realized foreign exchange losses.

Warrant reserve. The warrant reserve was created in 1997 in connection with the merger with A I M Management Group Inc.

Capital redemption reserve . The capital redemption reserve was created upon the purchase and cancellation of ordinary and special deferred shares prior to 2003.

Currency reserve . The foreign currency translation reserve is used to record exchange differences arising from the translation of foreign currency subsidiaries upon consolidation into the company.

Merger reserve . The merger reserve was created pursuant to Section 133 of the Companies Act for the excess value over par value of shares issued as consideration for acquisitions of subsidiaries.

Goodwill and other reserves . The goodwill reserve contains goodwill that was created in acquisitions prior to 1998.

Special reserve . The special reserve was created in December 2005 pursuant to the reduction in share capital of the Parent prior to the redenomination of share capital into U.S. dollars.

Revaluation reserve . The revaluation reserve records the fair value changes on available-for-sale investments.

Note 22. Share-Based Payment

Equity-Settled Share Plans

The company's 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 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.

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	2005		2004	
	Options	Weighted average exercise price (pence)	Options	Weighted average exercise price (pence)
Outstanding at the beginning of period	135,085,180	557.20	135,342,727	578.57
Granted during the period	6,236,043	332.50	13,678,274	321.17
Forfeited during the period	(11,473,877)	621.72	(12,584,626)	567.79
Exercised during the period	(1,088,125)	258.88	(1,351,195)	269.54
Outstanding at the end of the period	128,759,221	543.09	135,085,180	556.60
Exercisable at the end of the period	63,434,589	704.75	69,481,760	710.22

The weighted average fair value of the 2005 awards at the measurement date was 197p. The market price at the end of 2005 was 442p.

The options outstanding at December 31, 2005 had a range of exercise prices from 25p to 1680p, and a weighted average remaining contractual life of 5.79 years.

A long-term incentive plan (LTIP) was established on December 1, 2002, to retain and motivate key executives and the next generation of management of the company. Periodic awards are made under the LTIP, ranging in size up to a maximum of 1.5 million ordinary shares, which vest in installments of one-third in each of the last three years of the plan term (maximum of seven years). Shares allocated under the LTIP are distributed to participants at the end of the respective vesting period.

	2005 LTIP awards	2004 LTIP awards
Outstanding at the beginning of the period	32,300,000	23,000,000
Granted during the period	150,000	13,300,000
Forfeited during the period	(4,550,000)	(4,000,000)
Outstanding at the end of the period	27,900,000	32,300,000

The share option programs were valued using a stochastic model. The inputs into the model are as follows:

	2005 Options	2004 Options
Weighted average share price	438p	321p
Weighted average exercise price	439p	321p
Expected volatility	52.0%	54.6%
Expected life	7.8 years	7.8 years
Risk free rate	4.2%	4.7%
Expected dividends	2.2%	2.9%

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The LTIP awards were valued using the Black-Scholes model. The weighted average fair value at the date of grant of the LTIP awards was 304p in 2005 (2004: 302p).

Other Share-Based Payment Plans

The employee share purchase plans are open to almost all employees and provide for a purchase price equal to the market price on the date of grant, less 15 to 20 percent. The shares can be purchased at the end of the saving contract. The shares can be re-purchased at the end of the 27- to 42-month savings contract. As of December 31, 2005, there are 3,554,194 options to purchase shares outstanding under these programs. Pursuant to these plans, the company granted 1,662,877 options in 2005, at a weighted average share price of £3.10. The fair value of these options was determined using the stochastic valuation model, and the weighted average contractual life of these awards is 1.43 years at December 31, 2005.

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The company also offers restricted stock awards to certain employees. There is no discount to the fair value of these awards at their grant date, as dividends accrue directly to the employee recipients. Pursuant to these plans, the company granted 9,992,746 awards in 2005, at a weighted average share price of £4.01.

The company recognized total expenses of \$52.6 million and \$24.0 million related to equity-settled share-based payment transactions in 2005 and 2004 respectively.

Note 23. Operating Leases

The company leases office space in the majority of its locations of business. Sponsorship and naming rights commitments relate to INVESCO Field at Mile High, a sports stadium in Denver, Colorado. The company's total future commitments under non-cancelable operating leases are as follows:

\$'000	Total		Land and Buildings		Sponsorship and Naming Rights		Other	
	2005	2004	2005	2004	2005	2004	2005	2004
Within one year	57,730	70,056	50,877	51,598	6,000	6,000	853	12,458
Within one to three years inclusive	109,765	115,545	97,262	95,031	12,000	12,000	503	8,514
Within three to five years inclusive	86,045	97,708	74,039	79,313	12,000	12,000	6	6,395
In more than five years	247,237	304,942	183,737	226,665	63,500	69,500	—	8,777
	<u>500,777</u>	<u>588,251</u>	<u>405,915</u>	<u>452,607</u>	<u>93,500</u>	<u>99,500</u>	<u>1,362</u>	<u>36,144</u>
Future minimum sublease payments expected to be received	<u>104,403</u>	<u>29,649</u>	<u>104,403</u>	<u>29,649</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

During 2005, the company recognized \$53.9 million in operating lease costs in the income statement, including \$1.6 million of sublease income (2004: \$58.7 million in operating lease costs and \$1.4 million of sublease income).

AMVESCAP maintains approximately \$31.1 million in letters of credit from a variety of banks. The letters of credit are generally one-year -automatically-renewable facilities and are maintained for various reasons. Approximately \$30.3 million of the letters of credit support office lease obligations.

Note 24. 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. Where there are employees who leave the plans prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to the income statement of \$60.5 million (2004: \$57.5 million) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As of December 31, 2005, contributions of \$30.0 million (2004: \$33.6 million) due in respect of the current reporting period had not been paid to the plans.

Defined Benefit Plans

The company maintains legacy defined benefit pension plans for qualifying employees of its subsidiaries in the U.K., Ireland, Germany, Taiwan, and the U.S. All defined benefit plans are closed to new participants, and the U.S. plan benefits have been frozen. The company also maintains a post-retirement 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 U.K. schemes, the employees are 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, 2005. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

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Key assumptions used in plan valuations are as follows:

	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
Discount rate	2.50%–5.50%	3.50%–5.75%	5.50%	5.75%
Expected return on plan assets	3.00%–7.50%	3.50%–7.50%	8.00%	8.00%
Expected rate of salary increases	3.00%–5.40%	3.00%–5.40%	4.50%	4.50%
Future pension/medical cost trend rate increases	1.75%–2.90%	1.75%–3.00%	5.50%–9.00%	5.50%–10.00%

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. The actual return on plan assets was \$39.9 million (2004: \$17.5 million).

Amounts recognized in the income statement in respect of these defined benefit plans are as follows:

	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
<i>\$'000</i>				
Current service cost	(19,210)	(8,774)	(4,208)	(3,216)
Interest cost	(15,272)	(14,345)	(3,792)	(2,940)
Expected return on plan assets	15,492	14,463	505	408
Past service cost	—	(420)	(402)	(402)
Unrecognized net transition obligation	(14)	(13)	—	—
Actuarial gains/(losses)	12	13	(415)	—
Changes arising on curtailments/settlement	(10)	(4)	—	—
Total amounts recognized in income statement	(19,002)	(9,080)	(8,312)	(6,150)

Actuarial gains and losses that are in excess of the greater of 10% of the benefit obligation or 10% of the fair value of plan assets are amortized over the expected average remaining working lives of the participants.

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement plans is as follows:

	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
<i>\$'000</i>				
Present value of unfunded defined benefit obligations	22,337	13,418	N/A	N/A
Present value of funded or partially funded defined benefit obligations	312,101	304,654	72,409	59,468
Fair value of plan assets	(254,114)	(234,971)	(6,973)	(6,054)
Deficit in plans	80,324	83,101	65,436	53,414
Net actuarial losses not yet recognized in balance sheet	(2,546)	(10,353)	(12,283)	(6,319)
Unrecognized net transition obligation	(189)	(208)	—	—
Past service cost not yet recognized in balance sheet	—	—	(2,096)	(2,498)
Liability recognized in the balance sheet	77,589	72,540	51,057	44,597
This amount is presented in the balance sheet as follows:				
Current liabilities	22,465	—	1,000	—
Non-current liabilities	55,124	72,540	50,057	44,597
	77,589	72,540	51,057	44,597
Amount not recognized as an asset due to recognition caps	337	1,037	—	—

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Movements in the present value of defined benefit obligations were as follows:

<i>\$'000</i>	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
January 1	318,072	262,417	59,468	47,369
Service cost	19,210	8,774	4,208	3,216
Interest cost	15,272	14,345	3,792	2,940
Contributions from plan participants	—	—	1,897	1,643
Actuarial (gains)/losses	17,585	15,092	5,592	6,252
Exchange difference	(29,373)	21,605	—	—
Benefits paid	(4,635)	(4,581)	(2,548)	(1,952)
Past service cost	—	420	—	—
Settlement	(1,693)	—	—	—
December 31	<u>334,438</u>	<u>318,072</u>	<u>72,409</u>	<u>59,468</u>

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

<i>\$'000</i>	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
January 1	234,971	198,975	6,054	4,699
Expected return on plan assets	15,492	14,463	505	408
Actuarial gains/(losses)	24,451	3,075	(267)	(67)
Exchange difference	(21,544)	16,425	—	—
Contributions from the company	5,945	5,121	—	—
Contributions from plan participants	1,440	1,493	1,638	1,643
Benefits paid	(4,515)	(4,581)	(957)	(629)
Settlement	(2,126)	—	—	—
December 31	<u>254,114</u>	<u>234,971</u>	<u>6,973</u>	<u>6,054</u>

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

<i>\$'000</i>	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
Equity instruments	178,936	160,647	2,395	2,101
Debt instruments	54,761	51,251	3,134	2,691
Other assets	20,417	23,073	1,444	1,262
	<u>254,114</u>	<u>234,971</u>	<u>6,973</u>	<u>6,054</u>

The two-year history of experience adjustments is as follows:

<i>\$'000</i>	Retirement Plans		Medical Plan	
	2005	2004	2005	2004
Present value of defined benefit obligations	(334,438)	(318,072)	(72,409)	(59,468)
Fair value of plan assets	<u>254,114</u>	<u>234,971</u>	<u>6,973</u>	<u>6,054</u>
Deficit in the plan	<u>(80,324)</u>	<u>(83,101)</u>	<u>(65,436)</u>	<u>(53,414)</u>
Experience adjustments on plan liabilities	22,374	(1,969)	(2,153)	—
Experience adjustments on plan assets	24,451	3,075	(267)	(67)

The estimated amounts of contributions expected to be paid to the plans during 2006 is \$5.9 million for retirement plans and \$1.8 million for medical plans.

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

<i>\$'000</i>	Increase	Decrease
Effect on aggregate service and interest costs	2,442	(1,856)
Effect on defined benefit obligation	14,425	(11,166)

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Note 25. Remuneration of Key Management Personnel

The remuneration of the directors and the Executive Management Committee, who are the key management personnel of the company, is set out below. Further information about the remuneration of individual directors is provided in the audited section of the Report of the Board on Remuneration.

<i>\$'000</i>	<u>2005</u>	<u>2004</u>
Short-term employee benefits	47,125	19,234
Post-employment benefits	612	460
Termination benefits	4,620	531
Share-based payment	<u>18,072</u>	<u>10,859</u>
	<u>70,429</u>	<u>31,084</u>

Note 26. Other Commitments and Contingencies

Guarantees and commitments may arise in the ordinary course of business.

In December 2003, the SEC, the New York Attorney General's Office and the Colorado Attorney General's Office brought civil enforcement actions against INVESCO Funds Group, Inc. (IFG), the former advisor to certain AIM mutual funds, based on market timing activities by certain investors in the funds. The SEC and the New York Attorney General's Office also instituted separate investigations into market timing activity in the mutual funds advised by AIM. A number of other regulators from other jurisdictions also requested information from AMVESCAP, AIM and IFG relating to market timing; AMVESCAP, AIM and IFG fully cooperated with such requests.

On October 7, 2004, IFG and AIM entered into settlement agreements with the U.S. Securities and Exchange Commission, the New York State Attorney General, the State of Colorado Attorney General, the Colorado Division of Securities and the Secretary of the State of Georgia. The agreements settle all claims against IFG filed in 2003 by the SEC, New York and Colorado. The agreements also conclude the investigations with respect to AIM and IFG by each of the participating regulators. IFG thereunder paid \$325 million, of which \$110 million was a civil penalty, into a Fair Fund. AIM paid \$50 million, of which \$30 million was a civil penalty, into a separate Fair Fund. These two Fair Funds may increase as a result of contributions from third parties who reach final settlements with the SEC or other regulators to resolve allegations of market timing and/or late trading that also may have harmed AIM Funds. The amounts in the Fair Funds will be distributed to mutual fund shareholders in the AIM and INVESCO funds in accordance with the terms of a distribution plan to be established by an Independent Distribution Consultant and approved by the SEC and the independent board members of the AIM Funds. IFG also agreed to pay \$1.5 million to the Colorado regulators, and IFG and AIM agreed to pay \$175,000 to Georgia.

In addition, under its agreement with the New York Attorney General's Office, AIM agreed to reduce management fees charged to investors in the AIM and INVESCO mutual funds for five years beginning on January 1, 2005. The reduction in percentage fee rates, as applied to assets under management as of July 1, 2004, would result in a \$15 million annual reduction in fees. The actual reduction in fees, however, will vary as assets under management increase or decrease.

The settlements do not resolve the investigations and inquiries into market timing at AMVESCAP, IFG and AIM by non-participating regulators into market timing in the AIM and INVESCO Funds. AMVESCAP cannot predict whether any non-participating regulator will pursue legal action against any AMVESCAP affiliate in the future based on alleged market timing activity and/or related issues. AMVESCAP and its affiliates have cooperated and will continue to cooperate fully in any investigations and inquiries by non-participating regulators.

In addition to the above settled governmental enforcement actions, multiple lawsuits, including purported class action and shareholder derivative suits, have been filed against various parties affiliated with AMVESCAP (including certain INVESCO funds, certain AIM funds, IFG, AIM Advisors, A I M Management Group Inc. (the parent of AIM Advisors), AMVESCAP, certain related entities and certain of their officers and trustees). The allegations in the majority of these cases are based primarily upon the allegations in the enforcement actions described above, namely, that by allowing "market timing" trading, these parties violated the anti-fraud provisions of the federal securities laws and/or breached their fiduciary duties to the funds and/or individual investors. Certain other lawsuits allege that one or more of AMVESCAP's funds charged excessive fees, engaged in unlawful distribution practices or inadequately employed fair value pricing. These lawsuits allege a variety of theories for recovery, including, but not limited to: (i) violation of various provisions of the United States federal securities laws, (ii) violation of various provisions of the Employee Retirement Income Security Act of 1974 (ERISA), (iii) breach of fiduciary duty and (iv)

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breach of contract. The lawsuits have been filed in both federal and state courts and seek such remedies as compensatory damages, restitution, rescission, accounting for wrongfully gotten gains, profits and compensation, injunctive relief, disgorgement, equitable relief, various corrective measures under ERISA, that the advisory agreement with AIM Advisors be rescinded and/or declared unenforceable or void and that all advisory fees received during the past year be refunded, with interest and the payment of attorneys' and experts' fees. The AMVESCAP-affiliated parties have sought to remove certain of the state court proceedings to the applicable United States Federal District Court. All lawsuits based on allegations of market timing, late trading and related issues have been transferred to the United States District Court for the District of Maryland, referred to as the MDL Court, for consolidated or coordinated pre-trial proceedings. Pursuant to an Order of the MDL Court, plaintiffs consolidated their claims for pre-trial purposes into three amended complaints against various AIM- and IFG-related parties: (1) a Consolidated Amended Class Action Complaint purportedly brought on behalf of shareholders of the AIM funds; (2) a Consolidated Amended Fund Derivative Complaint purportedly brought on behalf of the AIM funds and fund registrants; and (3) an Amended Class Action Complaint for Violations of the ERISA purportedly brought on behalf of participants in AMVESCAP's 401(k) plan. Plaintiffs in two of the underlying lawsuits transferred to the MDL Court continue to seek remand of their action to state court. Although it is expected that the payments required under the terms of the regulatory settlement will mitigate any damages payable as a result of the above actions in the MDL Court, AMVESCAP cannot predict the outcome of these actions or any of the other actions mentioned above with certainty but is defending them vigorously.

The asset management industry is subject to extensive levels of ongoing regulatory oversight and examination. In the United States and other jurisdictions in which AMVESCAP operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to compliance with applicable laws and regulations. In particular, the U.S. mutual fund industry as a whole has been subject to regulatory inquiries related to a wide range of issues including, among others, IPO allocations, market timing activity, late trading, fair value pricing, excessive or improper advisory and/or distribution fees, mutual fund sales practices, including revenue sharing and directed-brokerage arrangements, investments in securities of other registered investment companies, contractual plans, issues related to Section 529 college savings plans and procedures for locating lost security holders. Certain of AMVESCAP's subsidiaries and related entities, certain of their respective current and former officers and/or certain of their advised funds have received regulatory inquiries in the form of subpoenas or other oral or written requests for information and/or documents related to one or more of these issues.

Additional lawsuits or regulatory enforcement actions arising out of these circumstances and presenting similar allegations and requests for relief may in the future be filed against AMVESCAP and related entities and individuals in the U.S. and other jurisdictions in which the Group operates. Moreover, public trust and confidence are critical to AMVESCAP's business, and any material loss of investor and/or client confidence could result in a significant decline in assets under management, which would have an adverse effect on future financial results and ability to grow the business.

Note 27. Financial Instruments

The company's principal financial instruments comprise senior notes and credit facility borrowings, cash and other investments. The main purpose of these financial instruments is to finance the company's operations. The company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The company has transactional currency exposures. 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 except in the company's Irish subsidiaries where transactions related to the distribution of offshore funds are recorded, forward and swap foreign exchange contracts are entered into with external parties. These contracts are purchased daily to hedge the movement in foreign exchange rates between the date of sale or redemption of a client investment and the date that cash is actually received or paid (generally within four days). The value of these contracts at December 31, 2005, was \$15.4 million (2004: \$4.6 million).

Prior to the redenomination of the share capital of the Parent and the change in its functional currency from sterling to U.S. dollars, the company designated its U.S. dollar senior notes balances as hedges against its net investments in its U.S. subsidiaries. Gains or losses on the retranslation of these borrowings were transferred to equity to offset any gains and losses on the net investments in subsidiaries. During 2005, the company recorded a charge of \$6.8 million within Loss on sale of assets, investments and foreign exchange on the income statement related to the unhedged portion of debt.

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

<u>\$'000</u>	<u>Fixed rate financial liabilities</u>				<u>Weighted average period for which rate is fixed (years)</u>
	<u>Total</u>	<u>Floating rate</u>	<u>Fixed rate</u>	<u>Weighted average interest rate (%)</u>	
2005					
Currency:					
U.S. dollar	1,222,236	70,000	1,152,236	5.3	5.0
Japanese yen	116	—	116	12.0	3.7
	<u>1,222,352</u>	<u>70,000</u>	<u>1,152,352</u>	<u>5.3</u>	<u>5.0</u>
2004					
Currency:					
U.S. dollar	1,381,644	151,001	1,230,643	5.4	5.6
Japanese yen	165	—	165	12.4	4.7
	<u>1,381,809</u>	<u>151,001</u>	<u>1,230,808</u>	<u>5.4</u>	<u>5.6</u>

See Notes 17 and 19 for additional disclosures relating to the U.S. dollar floating and fixed rate obligations. A 1% increase in interest rates would have increased the recorded interest expense on the floating rate debt \$0.5 million.

The company held the following financial assets as of December 31:

<u>\$'000</u>	<u>2005</u>	<u>2004</u>
Cash deposits:		
U.S. dollar	448,700	414,008
Sterling	108,950	53,584
Canadian dollar	48,630	56,329
Euro	101,040	10,966
Other	47,434	12,041
	<u>754,754</u>	<u>546,928</u>
Investments:		
U.S. dollar	128,991	100,643
Sterling	1,207,518	838,236
Canadian dollar	—	16,058
Euro fixed interest deposits	—	93,640
U.S. dollar treasury bills	12,914	13,003
Other	2,063	31,422
	<u>1,351,486</u>	<u>1,093,002</u>
Total	<u>2,106,240</u>	<u>1,639,930</u>

There is no significant concentration of credit risk for financial assets. Book value approximates fair value for cash deposits, which comprise deposits placed primarily in money market accounts and seven-day deposits. The average interest rate on the U.S. dollar treasury bills is 3.2% (2004: 3.2%), and the average time for which the rate is fixed is 1.5 years (2004: 1.5 years). The company has excluded receivables and payables from its financial instrument disclosures. The majority of these amounts mature within three months, and there is no material interest rate gap on these amounts.

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Note 28. Audit Fees

<u>\$'000</u>	<u>2005</u>	<u>2004</u>
Audit services:		
Statutory audits	4,513	4,018
Non-audit services:		
Further assurance services*	1,795	1,424
Tax services:		
Compliance services	193	516
Advisory services	117	348
Other services	103	1,001
	<u>6,721</u>	<u>7,307</u>

* Excludes \$211,000 in 2005 (2004: \$125,000) paid to the corporate auditors for audits of benefit plans around the company.

The Audit Committee pre-approves the audit and non-audit services performed by the independent auditor in order to insure that the auditor's independence is not impaired. The Audit Committee does not favor having its independent auditors perform non-audit services, and a non-audit service is not approved unless the Audit Committee concludes that performance of such service by the auditor will serve the company's interests better than performance of such service by other providers. The Audit Committee ensures that such services are consistent with applicable national rules on auditor independence.

Note 29. Exchange Rates

The following primary U.S. dollar exchange rates have been used in preparing these financial statements:

	<u>Year-end rates</u>			<u>Average rates</u>	
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2005</u>	<u>2004</u>
Canadian dollar	1.17	1.24	1.34	1.21	1.30
Euro	.84	.74	.81	.80	.75
Sterling	.58	.52	.57	.55	.54

Note 30. Reconciliation to U.S. Accounting Principles

The company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which differ in certain material respects from U.S. generally accepted accounting principles (U.S. GAAP).

The following is a summary of material adjustments to profit and shareholders' funds, which would be required if U.S. GAAP had been applied instead of IFRS.

<u>\$'000, except per share data</u>	<u>2005</u>	<u>2004</u>
Profit (loss) after minority interests (IFRS)	\$ 212,240	(36,195)
Redundancy and reorganizations ^(A)	7,527	(69,361)
Taxation ^(B)	(3,206)	25,916
Share-based payments ^(C)	12,010	1,557
Other ^(D)	(5,000)	(7,811)
Net income (U.S. GAAP)	<u>\$ 223,571</u>	<u>\$ (85,894)</u>
Earnings per share (U.S. GAAP):		
– basic and diluted	<u>\$ 0.28</u>	<u>\$ (0.11)</u>
Shareholders' funds, equity interests (IFRS)	\$3,616,303	\$3,542,967
Non-current assets:		
Goodwill ^(E)	1,891,716	1,948,470
Deferred taxation	(9,125)	9,322
Investments – Other	—	5,472
Current liabilities:		
Accruals and other – redundancy and reorganizations ^(A)	16,059	8,532
Provisions – other	2,448	7,448
Shareholders' equity (U.S. GAAP)	<u>\$5,517,401</u>	<u>\$5,522,211</u>

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Note A. Redundancy and Reorganizations

Certain amounts provided relating to redundancy and reorganization initiatives under IFRS must be expensed over the period of the related initiative under U.S. GAAP.

Note B. Taxation

Income tax expense under U.S. GAAP is different from that computed under IFRS due to deferred tax expense associated with certain accrued provisions that are expensed in the year accrued under IFRS whereas for U.S. GAAP the provision is not expensed until incurred. In addition, deferred tax expense associated with certain share based payment expense has been adjusted to reflect the removal of the IFRS 2 expense from the U.S. GAAP income statement under APB 25.

Deferred tax assets and liabilities under U.S. GAAP have been adjusted to reflect the accrued provision and share-based payment differences described below. The primary differences in the computation of deferred tax assets and liabilities under FAS 109 versus IAS 12 relate to share based payments. FAS 109 computes the deferred tax asset based on the income statement expense whereas IAS 12 computes the deferred tax asset with reference to the share price at the measurement date.

Note C. Share-Based Payment

Equity-settled share-based awards are measured at fair value and are amortized under IFRS. This expense is removed from the U.S. GAAP income statement under APB 25.

Note D. Other

Other adjustments include accounting differences relating to interval fund amortization and investment valuation for 2004. As discussed in Notes 1 and 2, the company did not adopt IAS 39, "Financial Instruments and Measurement," until January 1, 2005. Therefore during 2004, the investment balances were still carried under the U.K. GAAP basis (lower of cost or net realizable value).

Note E. Goodwill

As discussed in Note 2, the company transitioned from U.K. GAAP to IFRS at January 1, 2004. Prior to this date, the U.K. GAAP treatment of goodwill arising on acquisitions prior to 1998 was to eliminate it directly against reserves. These amounts remain in reserves under IFRS. Goodwill arising in 1998 and after was capitalized and amortized through the transition date to IFRS. Integration-related amounts were expensed directly to the profit and loss account.

Under U.S. GAAP, the amortization of goodwill and indefinite-lived intangible assets ceased at January 1, 2002, and the balances are carried forward at cost less provision for impairment in value. There is therefore a two-year period (2002 and 2003) under which the IFRS goodwill balances were amortized, while the U.S. GAAP balances were not. Definite-lived intangible assets are amortized over their estimated useful lives. The integration costs were either capitalized as goodwill or expensed to the profit and loss account in the year paid.

Note 31. Guarantor Condensed Consolidating Financial Statements

The 5.9% \$300 million senior notes due 2007, the 4.5% \$300 million senior notes due 2009, the 5.375% \$350 million senior notes due 2013 and the 5.375% \$200 million senior notes due 2014, are fully and unconditionally guaranteed as to payment of principal, interest and any other amounts due thereon by the following wholly owned subsidiaries: AIM Management Group, Inc., AIM Advisors, Inc., INVESCO North American Holdings, Inc., and INVESCO Institutional (N.A.), Inc. (the "Guarantors"). The guarantees of each of the guarantor subsidiaries are joint and several. Presented below are condensed consolidating financial statements of the Company for the years ended December 31, 2005 and 2004.

AMVESCAP PLC AND SUBSIDIARIES

Condensed Consolidating Balance Sheet and Reconciliation of Shareholders' Funds from IFRS to U.S. GAAP

	Guarantor subsidiaries	Non- guarantor subsidiaries	AMVESCAP PLC parent company	Consolidated elimination entries	Consolidated total
2005	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	1,385,199	5,229,726	4,237,470	(5,980,778)	4,871,617
Current assets	98,556	2,601,130	6,325	—	2,706,011
Current liabilities	(230,579)	(2,260,617)	(31,963)	—	(2,523,159)
Intercompany balances	(355,362)	(271,510)	626,872	—	—
Non-current liabilities	(6,044)	(188,123)	(1,243,999)	—	(1,438,166)
Net assets	<u>891,770</u>	<u>5,110,606</u>	<u>3,594,705</u>	<u>(5,980,778)</u>	<u>3,616,303</u>
Capital and reserves					
Called up share capital	9	1,604,360	81,811	(1,604,369)	81,811
Share premium account	1,028,888	3,048,101	84,968	(4,076,989)	84,968
Shares held by employee trusts	—	—	—	(413,473)	(413,473)
Exchangeable shares	—	431,778	—	—	431,778
Profit and loss account	135,762	(431,917)	638,739	296,155	638,739
Other reserves	<u>(272,889)</u>	<u>454,991</u>	<u>2,789,187</u>	<u>(182,102)</u>	<u>2,789,187</u>
Shareholders' funds, equity interests under IFRS	891,770	5,107,313	3,594,705	(5,980,778)	3,613,010
Minority interests	<u>—</u>	<u>3,293</u>	<u>—</u>	<u>—</u>	<u>3,293</u>
Shareholders' funds, equity interests under IFRS	891,770	5,110,606	3,594,705	(5,980,778)	3,616,303
Non-current assets:					
Goodwill	1,351,642	540,074	1,891,716	(1,891,716)	1,891,716
Deferred taxation	(2,507)	(6,618)	(9,125)	9,125	(9,125)
Current liabilities:					
Accrual and other – redundancy and reorganizations	3,542	12,517	16,059	(16,059)	16,059
Provisions - other	<u>2,448</u>	<u>—</u>	<u>2,448</u>	<u>(2,448)</u>	<u>2,448</u>
Shareholders' equity under U.S. GAAP	<u>2,246,895</u>	<u>5,656,579</u>	<u>5,495,803</u>	<u>(7,881,876)</u>	<u>5,517,401</u>

AMVESCAP PLC AND SUBSIDIARIES

Condensed Consolidating Balance Sheet and Reconciliation of Shareholders' Funds from IFRS to U.S. GAAP

			AMVESCAP	Consolidated	Consolidated
	Guarantor	Non-	PLC parent	elimination	Consolidated
2004	subsidiaries	guarantor	company	entries	total
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	1,391,548	6,221,368	3,280,268	(5,823,363)	5,069,821
Current assets	154,483	2,188,173	7,154	—	2,349,810
Current liabilities	(383,623)	(1,835,740)	(107,424)	—	(2,326,787)
Intercompany balances	(603,223)	(959,151)	1,562,374	—	—
Non-current liabilities	34,835	(246,478)	(1,338,234)	—	(1,549,877)
Net assets	<u>594,020</u>	<u>5,368,172</u>	<u>3,404,138</u>	<u>(5,823,363)</u>	<u>3,542,967</u>
Capital and reserves					
Called up share capital	9	1,021,118	388,953	(1,021,127)	388,953
Share premium account	927,151	3,245,187	1,345,144	(4,172,338)	1,345,144
Shares held by employee trusts	—	—	—	(456,717)	(456,717)
Exchangeable shares	—	593,025	—	—	593,025
Profit and loss account	(56,255)	(379,001)	571,574	435,256	571,574
Other reserves	<u>(276,885)</u>	<u>885,322</u>	<u>1,098,467</u>	<u>(608,437)</u>	<u>1,098,467</u>
Shareholders' funds, equity interests under IFRS	594,020	5,365,651	3,404,138	(5,823,363)	3,540,446
Minority interests	<u>—</u>	<u>2,521</u>	<u>—</u>	<u>—</u>	<u>2,521</u>
Shareholders' funds, equity interests under IFRS	594,020	5,368,172	3,404,138	(5,823,363)	3,542,967
Non-current assets:					
Goodwill	1,351,642	596,828	1,948,470	(1,948,470)	1,948,470
Deferred taxation	(2,332)	11,654	9,322	(9,322)	9,322
Investments – other	12,144	(6,672)	5,472	(5,472)	5,472
Current liabilities:					
Accrual and other – redundancy and reorganizations	2,863	5,669	8,532	(8,532)	8,532
Provisions - other	<u>7,448</u>	<u>—</u>	<u>7,448</u>	<u>(7,448)</u>	<u>7,448</u>
Shareholders' equity under U.S. GAAP	<u>1,965,785</u>	<u>5,975,651</u>	<u>5,383,382</u>	<u>(7,802,607)</u>	<u>5,522,211</u>

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Condensed Consolidating Statements of Income and Reconciliations of Net Income from IFRS to U.S. GAAP

			AMVESCAP	Consolidated	Consolidated
2005	Guarantor subsidiaries	Non- guarantor subsidiaries	PLC parent company	elimination entries	total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	736,307	1,436,930	—	—	2,173,237
Operating expenses	(572,018)	(1,177,962)	1,302	—	(1,748,678)
Operating profit	164,289	258,968	1,302	—	424,559
Other net expense	(31,264)	(1,420)	(31,797)	—	(64,481)
Profit before taxation	133,025	257,548	(30,495)	—	360,078
Taxation	(42,565)	(103,172)	(953)	—	(146,690)
Profit after taxation	90,460	154,376	(31,448)	—	213,388
Minority interests	—	(1,148)	—	—	(1,148)
Profit before share of profits of subsidiaries	90,460	153,228	(31,448)	—	212,240
Share of profits of Subsidiaries	67,572	90,460	243,688	(401,720)	—
Net profit under IFRS, (equity method)	158,032	243,688	212,240	(401,720)	212,240
U.S. GAAP adjustments:					
Redundancy and reorganizations	344	7,183	7,527	(7,527)	7,527
Taxation	1,269	(4,475)	(3,206)	3,206	(3,206)
Share-based payments	2,625	9,385	12,010	(12,010)	12,010
Other	(5,000)	—	(5,000)	5,000	(5,000)
Net profit under U.S. GAAP	157,270	255,781	223,571	(413,051)	223,571

Condensed Consolidating Statement of Cash Flows and U.S. GAAP Cash Flow Information

			AMVESCAP	Consolidated	Consolidated
2005	Guarantor subsidiaries	Non- guarantor subsidiaries	PLC parent company	elimination entries	total
	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash inflow from operating activities	22,227	507,454	143,140	(203,712)	469,109
Net cash inflow from investing activities	(22,007)	(85,747)	138,651	—	30,897
Net cash outflow from financing activities	—	(208,795)	(281,791)	203,712	(286,874)
Increase in cash and cash equivalents	220	212,912	—	—	213,132

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Condensed Consolidating Statements of Income and Reconciliations of Net Income from IFRS to U.S. GAAP

			AMVESCAP	Consolidated	Consolidated
2004	Guarantor subsidiaries	Non- guarantor subsidiaries	PLC parent company	elimination entries	total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	787,648	1,336,813	—	—	2,124,461
Operating expenses	(962,882)	(1,076,341)	2,087	—	(2,037,136)
Operating profit	(175,234)	260,472	2,087	—	87,325
Other net expense	(34,230)	(8,589)	(5,477)	—	(48,296)
Profit before taxation	(209,464)	251,883	(3,390)	—	39,029
Taxation	31,054	(118,889)	13,147	—	(74,688)
Loss after taxation	(178,410)	132,994	9,757	—	(35,659)
Minority interests	—	(536)	—	—	(536)
Profit before share of profits of subsidiaries	(178,410)	132,458	9,757	—	(36,195)
Share of profits of Subsidiaries	69,592	(178,410)	(45,952)	154,770	—
Net loss under IFRS, (equity method)	(108,818)	(45,952)	(36,195)	154,770	(36,195)
U.S. GAAP adjustments:					
Redundancy and reorganizations	(60,198)	(9,163)	(69,361)	69,361	(69,361)
Taxation	22,219	3,697	25,916	(25,916)	25,916
Share-based payments	146	1,411	1,557	(1,557)	1,557
Other	(4,311)	(3,500)	(7,811)	7,811	(7,811)
Net profit under U.S. GAAP	<u>(150,962)</u>	<u>(53,507)</u>	<u>(85,894)</u>	<u>204,469</u>	<u>(85,894)</u>

Condensed Consolidating Statement of Cash Flows and U.S. GAAP Cash Flow Information

			AMVESCAP	Consolidated	Consolidated
2004	Guarantor subsidiaries	Non- guarantor subsidiaries	PLC parent company	elimination entries	total
	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash inflow from operating activities	110,646	398,193	155,638	(459,078)	205,399
Net cash outflow from investing activities	(33,477)	(39,821)	(129,160)	95,458	(107,000)
Net cash outflow from financing activities	(75,000)	(388,812)	(26,489)	363,620	(126,681)
Decrease in cash and cash equivalents	<u>2,169</u>	<u>(30,440)</u>	<u>(11)</u>	<u>—</u>	<u>(28,282)</u>

**THE COMPANIES ACT 1929
AND
THE COMPANIES ACTS 1948 TO 1981**

COMPANY LIMITED BY SHARES

**Memorandum of Association
of
AMVESCAP PLC***

(Incorporating amendments made on or before 8th December 2005)

1. The name of the Company is “AMVESCAP PLC”.*
 2. The Company is to be a public company.
 3. The registered office of the Company will be situate in England.
 4. The objects for which the Company is established are:-
 - (A) To carry on the business of an investment holding company and to subscribe for, purchase, or otherwise acquire, and hold, shares, debentures or other securities of any other company or body corporate and to acquire and undertake the whole or any part of the business, property and liabilities of any company or body corporate carrying on any business and to sell or deal in or otherwise dispose of any shares, debentures or other securities or property including any business or undertaking of any other company or any other assets or liabilities.
 - (B) To acquire by purchase, lease, concession, grant, licence or otherwise, such lands, buildings, leases, underleases, rights, privileges, stocks, shares, debentures, debenture stock, bonds, obligations or securities of any government, state or authority or of any public or private company, corporate or unincorporate, policies of assurance and such other property and rights and interest in property as the Company shall deem fit, with a view to receiving the income therefrom.
- * The Company was incorporated on 19th December 1935 as H. Lotery & Company Limited. The name of the Company was changed to Slater, Walker & Co. Limited on 24th September 1964, to Slater, Walker Securities Limited on 24th November 1965 and to Britannia Arrow Holdings Limited on 16th September 1977. The Company re-registered as a public company under the name Britannia Arrow Holdings Public Limited Company on 19th March 1982. The name of the Company was changed to INVESCO MIM PLC on 31st January 1990, to INVESCO PLC on 21st June 1993, to AMVESCO PLC on 3rd March 1997 and to AMVESCAP PLC on 8th May 1997.

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- (C) To demise, lease or let the whole or any part of the property of the Company on such terms as the Company shall determine, and to supply power, light, heat and water, and to lay out land for building purposes, and to build on, improve, let on building leases, advance money to persons building, or otherwise to develop the same.
 - (D) To build, construct, maintain, alter, enlarge, pull down and remove or replace any buildings, shops, factories, offices, works, machinery, engines and to clear sites for the same or to join with any person, firm or company in doing any of the things aforesaid and to manage and control the same or join with others in so doing.
 - (E) To purchase, take on lease or in exchange, hire or otherwise acquire and hold for any estate or interest, any lands, buildings, easements, rights, privileges, concessions, machinery, plant, stock-in-trade, trade marks and any real and personal property of any kind necessary or convenient for the Company's business.
 - (F) To purchase or otherwise acquire any patents, brevets d'inventions, licences, concessions and the like conferring any exclusive or non-exclusive or limited right to use any invention which may seem capable of being used for any of the purposes of the Company or acquisition of which may seem calculated directly or indirectly to benefit this Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property and rights so acquired.
 - (G) To erect, construct, lay down, enlarge, alter and maintain any buildings, works and machinery necessary or convenient for the Company's business.
 - (H) To borrow and raise money and secure or discharge any debt or obligation of or binding on the Company in such manner as may be thought fit, and in particular by mortgages of or charges upon the undertaking and all or any of the real and personal property (present and future), and the uncalled capital of the Company, or by the creation and issue, on such terms as may be thought expedient, of debentures, debenture stock or other securities or obligations of any description; and to issue any of the Company's shares, stock securities or other obligations for such consideration (whether for cash, services rendered or property acquired or otherwise) and on such terms as may be thought fit.
 - (I) To issue and deposit any securities which the Company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts or obligations of the Company.
 - (J) To receive loans at interest or otherwise from and to lend money and give credit to, and to become or give security for, or guarantee the performance of contracts by, any person or company where the so doing may seem advantageous or desirable in the interests of the Company.

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- (K) To pay bonuses, gratuities, pensions and allowances on retirement to any officers or servants of the Company or any parent or subsidiary company or to their widows or dependants, and to make contributions to any fund and to pay premiums for the purchase or provision of any such gratuity, pension or allowance or to promote or assist financially, whether by way of contributions, donations, payment of premiums, or otherwise, any fund or scheme for the benefit, wholly or in part, of the Directors, ex-Directors or employees or ex-employees of the Company or any parent or subsidiary company or their dependants or relatives, or for the purpose of establishing and supporting or aiding in the establishment and support of any schools and educational, scientific, literary, religious or charitable institutions or trade societies, whether such societies be solely connected with the business carried on by the Company or not, and generally to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object
 - (L) To remunerate employees and servants of the Company or any parent or subsidiary company and others out of or in proportion to the returns or profits of the Company or otherwise as the Company shall think fit; and to promote and give effect to any scheme or arrangement for sharing profits with employees, whether involving the issue of shares or not.
 - (LL) To remunerate any officer, servant or employee of the Company by the allotment of shares or securities of the Company credited as paid up in full or in part to or for the benefit of any such person, on such terms as the Board may think fit.
 - (M) To draw accept, endorse, issue, or execute promissory notes, bills or exchange, bills of lading, warrants and other negotiable, transferable or mercantile instruments.
 - (N) To give guarantees, indemnities or any security for (whether by personal covenants or by mortgaging or charging all or any part of the undertaking, property and assets, both present and future, and uncalled capital of the Company or by both such methods) the performance of the obligations of and the repayment or payment of the principal amounts of and premiums, interest and dividends on any moneys borrowed by or on any securities of any person, firm or company, including (but without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary of the Company.
 - (O) To invest and deal with the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioners, trusts, municipal local or other authority or body of whatever nature, whether at home or abroad and upon such other securities and in such manner as may from time to time be determined and to hold, sell, mortgage or deal with such shares, stocks, debentures, denture stocks, bonds, mortgages, obligations and other securities (whether such shares or securities be fully paid or not) where the so doing may seem desirable in the interests of the Company.

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- (P) To pay for any property or rights acquired by the Company, either in cash or shares, with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise, or by any securities which the Company has power to issue or partly in one mode and partly in another, and generally on such terms as the Company may determine.
 - (Q) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place any of the shares or debenture capital or other securities of the Company, or in or about the formation or promotion of the Company or the conduct of its business, and to pay the preliminary expenses of the Company.
 - (R) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in shares of any company or corporation with or without deferred or preferred rights in respect of dividend or repayment of capital or otherwise, or by means of a mortgage or by debentures or debenture stock of any company or corporation, or partly in one mode and partly in another, and generally on such terms as the company may determine, and to hold, deal with or dispose of any consideration so received.
 - (S) To enter into partnership or any arrangement for sharing profits, union of interests or co-operation with any company, firm or person carrying on or proposing to carry on any business within the objects of this Company, or calculated to advance its interests, and to acquire and hold shares, stock or securities of any such company.
 - (T) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of or shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company, and to acquire and hold shares, stock or securities of and guarantee the payment of the dividends or capital of any shares or stock or the interest or principal of any securities issued by or any other obligation of any company promoted by this Company or in which this Company may be or may be about to become interested.
 - (U) To purchase or otherwise acquire and undertake and carry on all or any part of the business, property and transactions of any person or company carrying on any business which this Company is authorised to carry on, or possessed of property suitable for the purposes of this Company.
 - (V) To sell, improve, manage, develop, turn to account, exchange, let on rent, royalty, share of profits or otherwise, grant licences, easements and other rights in respect of, and in any other manner deal with or dispose of the undertaking of the Company or any part thereof, or all or any of the property for the time being of the Company, and for any consideration, whether in cash or in shares (fully or partly paid), debentures, debenture stock or other interests in or securities of any company or otherwise.

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- (W) To amalgamate with any other company whose objects are or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid shares or otherwise) of the undertaking, subject to the liabilities of this or any such other company as aforesaid, with or without winding up, or by purchase (for fully or partly paid shares or otherwise) of all or a controlling interest in the shares or stock of any such other company, or in any other manner.
 - (X) To enter into any arrangement with any government or authority supreme, municipal, local or otherwise and to obtain from any such government or authority any rights, concessions or privileges that may seem conducive to the attainment of the Company's objects or any of them.
 - (Y) To distribute among the members of the Company in kind any of the property of the Company and in particular any shares, debentures or securities of other companies belonging to this Company or of which this Company may have the power of disposing.
 - (Z) To do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise.
 - (ZZ) To do all such other things as are incidental or conducive to the above objects or any of them.

And it is hereby declared that the word "company" in this clause shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in the United Kingdom or elsewhere and the intention is that the objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be independent main objects and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company.

5. The liability of the Members is limited.

6. *The share capital of the Company is US\$105,000,000 and £50,000.25, divided into 1,050,000,000 ordinary shares of U.S.\$0.10 each, 50,000 preference shares of £1 each and 1 special voting share of 25p.

The shares in the original or any increased capital may be divided into several classes, and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

* The share capital was increased from £103,637,500 to £192,700,000 on 27th November 1996 and from £192,700,000 to £212,700,000 on 7th May 1998. The share capital was increased from £212,700,000 to £262,500,000 by the creation of 199,999,999 ordinary shares of 25p each and 1 special voting share of 25p by Special Resolution passed on 20th July 2000. The share capital was increased from £262,500,000 to £262,550,000 by a Special Resolution passed on 1st November 2005 by the creation 50,000 preference shares of £1 each. On 8th December 2005 all the ordinary shares of 25p were cancelled and the share capital increased to U.S.\$105,000,000 and £50,000.25 by the creation of 1,050,000,000 ordinary shares of US\$0.10 each.

Amended Articles of Association

The Companies Acts 1985 to 1989

Articles of Association of AMVESCAP PLC

Public Company Limited by Shares
(Incorporated on 19 December 1935)

(Adopted by Special Resolution passed on 20 July 2000 and incorporating amendments up to and including 27 April 2006)

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THE COMPANIES ACT 1985 to 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

AMVESCAP PLC

(Adopted by Special Resolution passed on
27 April 2006)

PRELIMINARY

1. **Table A**

The regulations in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 and in any Table A applicable to the Company under any former enactment relating to companies shall not apply to the Company except in so far as they are repeated or contained in these Articles.

2. **Interpretation**

In these Articles, if not inconsistent with the subject or context:

the words standing in the first column of the following table shall bear the meaning set opposite to them respectively in the second column thereof.

WORD	MEANINGS
“Act”	Means the Companies Act 1985 (as amended by the Companies Act 1989);
“address”	Shall, in any case where Electronic Communication is expressly permitted pursuant to these Articles, include any number or address used for the purpose of such Electronic Communication (including, in the case of any uncertificated proxy instruction permitted under Article 89, an identification number of a participant in the relevant system) but, in any other case, shall not include any number or address used for such purpose;
“Articles”	Means these Articles of Association as now framed or as from time to time altered by special resolution;

“Auditors”	Means the auditors for the time being of the Company;
“Board”	Means the Board of Directors of the Company or the Directors present at a duly convened meeting of Directors (or duly authorised committee thereof) at which a quorum is present;
“Business Day”	Means a day other than a Saturday or Sunday or public holiday in England and on which banks are open in London for general commercial business;
“clear days’ notice”	Means that the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given or on which it is to take effect;
“communication”	Shall, where the context so admits, have the same meaning as in the Electronic Communications Act 2000;
“Debentures”	Means the 6 per cent. equity subordinated debentures of C\$1000 principal amount each issued by Exchangeco and convertible into Exchangeable Shares;
“Directors”	Means the directors for the time being of the Company, or, as the case may be, the board of directors for the time being of the Company or the persons present at a duly convened meeting of the board of directors or any duly authorised committee thereof at which a quorum is present;
“Electronic Communication”	Means the same as in the Electronic Communications Act 2000;
“Exchangeco”	Means AMVESCAP Inc. a corporation incorporated under the laws of the province of Nova Scotia in Canada and an indirect wholly owned subsidiary of the Company;
“Exchangeable Shares”	Means shares issued or to be issued from time to time by Exchangeco which are exchangeable on a one for one basis into Ordinary Shares of the Company;
“in writing”	Means written or produced by any substitute for writing, or partly written and partly so produced including (without prejudice) printing, lithography, typewriting, photography, Electronic Communication, and other modes of representing or reproducing words in visible form;
“London Stock Exchange”	Means London Stock Exchange plc;
“Member”	Means a member of the Company;

“month”	Means calendar month;
“Office”	Means the registered office for the time being of the Company;
“Ordinary Shares”	Has the meaning given in Article 5;
“paid up”	Means paid up or credited as paid up;
“Preference Dividend”	Has the meaning given in Article 6
“Preference Payment Date”	Has the meaning given in Article 6
“Preference Shares”	Has the meaning given in Article 5;
“Prescribed Rate”	Means an annual rate of interest equal to two per cent. above the Base Lending Rate (or any equivalent thereof or successor thereto) published from time to time by a clearing bank in London selected by the Board from time to time being the Base Lending Rate in effect at the close of business in London on the date immediately preceding the day on which such rate falls to be determined;
“Register”	Means the Register of Members of the Company;
“Regulations”	Means the Uncertificated Securities Regulations 2001;
“relevant system”	Means the computer-based system and procedures which enable title to shares to be evidenced and transferred without a written instrument and which facilitate supplementary and incidental matters in accordance with the Regulations;
“Seal”	Means the Common Seal of the Company;
“Special Dividend”	Has the meaning given in Article 7;
“Special Voting Share”	Has the meaning given in Article 5;
“the Statutes”	Means every United Kingdom statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies insofar as it applies to the Company; and
“United Kingdom”	Means Great Britain and Northern Ireland;
Words importing the singular number only shall include the plural number and vice versa;	
Words importing the masculine gender only shall include the feminine gender;	

Words importing persons shall include corporations;

The expressions “debenture” and “debenture holder” shall include debenture stock and debenture stockholder;

The expression “the Secretary” shall include a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;

The expression “dividend” shall include bonus;

Reference to any provision of any Statute shall extend to and include any amendment or re-enactment of or substitution for the same effected by any subsequent Statute; and

Anything which may be done by or with the sanction of an ordinary resolution may also be done by or with the sanction of a special resolution.

3. **Statutes**

Subject to the last preceding Article, any words or expressions defined in the Statutes shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

4. **Office**

The Office shall be at such place in England or Wales as the Board shall from time to time appoint.

SHARE CAPITAL

5. **Authorised share capital**

The authorised share capital of the Company at the date of the adoption of these Articles is U.S.\$105,000,000 and £50,000.25 divided into 1,050,000,000 Ordinary Shares of 10 U.S. cents each (the “Ordinary Shares”), 50,000 Preference Shares of £1 each (the “Preference Shares”) and one Special Voting Share of 25 pence (the “Special Voting Share”).

6. **Preference Shares**

The following provisions of this Article 6 and Article 7 contain the rights, privileges, and restrictions attaching to the Preference Shares and all other provisions of these Articles are to be read and construed subject to them:

- 6.1 If the Company has profits which are available for distribution and the Directors resolve that these should be distributed, the holders of the Preference Shares shall be entitled, before the holders of any Ordinary Shares, to be paid a cumulative dividend at a rate of 7 per cent. per annum on the nominal value of the Preference Shares which is paid up (the “Preference Dividend”).

- 6.2 The Preference Dividend shall accrue from the day the Preference Shares are issued and shall be paid on the 15th day of each month (the “Preference Payment Date”), commencing with the Preference Payment Date in the month following the month in which the Preference Shares are issued. If any Preference Payment Date is not a Business Day, the Preference Dividend shall be paid on the next Business Day.
- 6.3 When the Company must calculate a Preference Dividend, the daily dividend rate will be calculated by dividing the annual dividend rate by 365 days. The daily dividend rate will then be multiplied by the actual number of days that have passed in the relevant period, but not including the Preference Payment Date, to give the amount payable for that period.
- 6.4 Except as provided in this Article 6 and Article 7, the Preference Shares do not have any other right to share in the Company’s profits.
- 6.5 If the Company is wound up (but in no other circumstances involving a repayment of capital or distribution of assets to shareholders whether by reduction of capital, redeeming or buying back shares or otherwise), the holders of the Preference Shares will be entitled, prior to any payment to any holders of Ordinary Shares to:
- (a) repayment of the amount paid up on the nominal value of each Preference Share;
 - (b) any Preference Dividend which is due for payment on, or after, the date the winding up commenced which is payable for a period ending on or before that date; and
 - (c) any arrears of Preference Dividend.
- 6.6 If there is a winding up to which Article 6.5 applies, and there is not enough to pay the amounts due on the Preference Shares, the holders of the Preference Shares will share what is available in proportion to the amounts to which they would otherwise be entitled. The holders of the Preference Shares will be given preference over the holders of Ordinary Shares.
- 6.7 Except as provided in this Article 6 the Preference Shares do not have any other right to share in the Company’s surplus assets.
- 6.8 The holders of the Preference Shares are only entitled to receive notice of general meetings, or to attend, speak and vote at general meetings if a resolution is to be proposed at the general meeting:
- (a) to wind up the Company, in which case, they are entitled to receive notice of the general meeting and can attend, but are not entitled to speak or vote; and
 - (b) which would vary or abrogate the rights attached to the Preference Shares. In this case the holders of the Preference Shares are entitled to receive notice of the general meeting and are entitled to attend, speak and vote but only in respect of such resolution or any motion to adjourn the general meeting before such resolution is voted on.
- 6.9 If the holders of the Preference Shares are entitled to vote at a general meeting, each holder present in person or by proxy (or, being a company, by a company representative) has one

vote on a show of hands and on a poll every holder who is present in person or by proxy (or, being a company, by a company representative) shall have one vote in respect of every four fully paid Preference Shares.

- 6.10 The Preference Shares may be redeemed at par (plus any Preference Dividend due for payment or any arrears of the Preference Dividend) at any time at the option of the Company by giving seven days' notice to the holders of the Preference Shares.

7. Special Dividend on the Preference Shares

- 7.1 The Directors may at any time declare a special dividend of £50,000 in aggregate to the holders of the Preference Shares (the "Special Dividend"). If the Special Dividend is declared, on the next Preference Payment Date, each Preference Share will be entitled to be paid the Preference Dividend that is due and an equal proportion of the Special Dividend.
- 7.2 If the Special Dividend is declared and paid, the rights attaching to the Preference Shares shall automatically be altered as set out below:
- (a) the Preference Shares shall be redesignated as "Deferred Sterling Shares";
 - (b) the holders of the Deferred Sterling Shares shall no longer be entitled to any right to receive dividends or distributions including, for the avoidance of doubt but without limitation, the Preference Dividend or any further Special Dividend;
 - (c) the Deferred Sterling Shares shall not carry any entitlement to participate in the assets of the Company (including on a winding-up);
 - (d) the holders of Deferred Sterling Shares shall not be entitled to receive any notice of general meetings or to attend or vote at general meetings;
 - (e) the Company shall be deemed to have an irrevocable authority:
 - (i) at any time to appoint any person to execute on behalf of the holders of the Deferred Sterling Shares a transfer of Deferred Sterling Shares for no consideration (and/or an agreement to transfer the same) to such person or persons as the Company may determine; and/or
 - (ii) to redeem the Deferred Sterling Shares for no consideration by giving seven days' notice to the holders of the Deferred Sterling Shares, andpending such transfer and/or redemption to retain the certificate for such Deferred Sterling Shares.

8. Special Voting Share

The following provisions of this Article 8 contain the rights, privileges, and restrictions attaching to the Special Voting Share and all the other provisions of these Articles are to be read and construed subject to them:

- 8.1 The Special Voting Share shall not carry any right to receive dividends or distributions;

- 8.2 The holder of the Special Voting Share shall have the right to receive notice of and to attend and vote at any general meeting of the Company as follows:
- (a) On a show of hands, the holder of the Special Voting Share, or its proxy, shall have one vote in addition to any votes which may be cast by a holder of Exchangeable Shares (other than the Company and its subsidiaries) (a “Beneficiary”) (or its nominee) on such show of hands as proxy for the holder of the Special Voting Share in accordance with Article 8.2(d) below;
 - (b) On a poll, the holder of the Special Voting Share shall have one vote for every four Exchangeable Shares then outstanding:
 - (i) that are owned by Beneficiaries; and
 - (ii) as to which the holder of the Special Voting Share confirms to the Company that it has received voting instructions from the Beneficiaries. Votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
 - (c) The holder of the Special Voting Share shall be entitled to demand that a poll be taken on any resolution, whether before or after a show of hands, and to this extent Article 78.1 is amended and varied.
 - (d) If so instructed by a Beneficiary, the holder of the Special Voting Share shall appoint that Beneficiary, or such other person as that Beneficiary nominates, as proxy to attend and to exercise personally in place of the holder of the Special Voting Share:
 - (i) on a poll, one vote for every four Exchangeable Shares held by the Beneficiary, and
 - (ii) on a show of hands one vote (the “Beneficiary Votes”). A proxy need not be a Member of the Company. A Beneficiary (or his nominee) exercising his Beneficiary Votes shall have the same rights as the holder of the Special Voting Share to speak at the meeting in favour of any matter and to vote on a show of hands or on a poll in respect of any matter proposed, and to this extent Article 79 is amended and varied.
- 8.3 The holder of the Special Voting Share may, by service of notice by the Company, be required to require any Beneficiary or any person whom the holder of the Special Voting Share and/or Exchangeco know or have reason to believe holds any interest whatsoever in an Exchangeable Share to confirm to the Company that fact or to give to the Company such details as to who holds an interest in such Exchangeable Share as would be required if the Exchangeable Shares were Ordinary Shares and that the Beneficiary had been duly served with a notice under section 212 of the Companies Act 1985 (as amended) as referred to in Article 80.2. If the Beneficiary fails to respond within the prescribed period then the provisions of Article 80.2 shall apply to that Beneficiary.
- 8.4 Subject as aforesaid, or except as otherwise required by applicable law, the Special Voting Share and the Ordinary Shares shall constitute one class.

- 8.5 In the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, the holder of the Special Voting Share shall be entitled to receive out of the assets of the Company available for distribution to the shareholders of the Company, an amount equal to 25 pence before any distribution is made on the Ordinary Shares or any other shares ranking junior to the Special Voting Share as to distribution of assets upon voluntary or involuntary liquidation. After payment of such amount the holder of the Special Voting Share shall not be entitled to any further participation in any distribution of assets of the Company.
- 8.6 The Special Voting Share shall not be subject to redemption by the Company or at the option of its holder, except that at such time as no Exchangeable Shares (other than Exchangeable Shares owned by the Company or its subsidiaries) and no Debentures shall be outstanding, the Special Voting Share shall automatically be redeemed and cancelled, with an amount of 25 pence due and payable under such redemption, and the Board is hereby authorised to take all (if any) such steps as may be necessary or desirable to effect such redemption and cancellation.
- 8.7 The Special Voting Share shall rank senior to all Ordinary Shares.
- 8.8 The Company may not, without the consent of the holder of the Special Voting Share, issue any special voting shares in addition to the Special Voting Share and no other term of the Special Voting Share shall be amended, except with the approval of the holder of the Special Voting Share.

9. **Rights attaching to shares**

Without prejudice to any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Board may determine).

10. **Redemption and purchase of shares**

Subject to the provisions of the Statutes any shares may be issued on the terms that they are, or at the option of the Company or holders thereof are to be liable, to be redeemed on such terms and in such manner as may be provided by these Articles.

11. **Purchase of shares**

Subject to the provisions of the Statutes, the Company may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class (including any redeemable shares) but so that if there shall be in issue any shares which are admitted to the official list maintained by the UK Listing Authority and which are convertible into equity share capital of the Company of the class proposed to be purchased, then the Company shall not purchase, or enter into a contract under which it will or may purchase, such equity shares unless either:

- (a) the terms of issue of such convertible shares include provisions permitting the Company to purchase its own equity shares or providing for adjustment to the conversion terms upon such a purchase; or

- (b) the purchase, or the contract, has first been approved by an extraordinary resolution passed at a separate meeting of the holders of such convertible shares.

12. **Treasury shares**

The Company may not exercise any right in respect of treasury shares held by it, including any right to attend or vote at meetings, to participate in any offer by the Company to shareholders or to receive any distribution (including in a winding-up), but without prejudice to its right to sell the treasury shares, to receive an allotment of shares as fully paid bonus shares in respect of the treasury shares or to receive any amount payable on redemption of any redeemable treasury shares.

MODIFICATION OF RIGHTS

13. **Modification of class rights**

Subject to the provisions of Statutes, all or any of the special rights and privileges for the time being attached to any class of shares for the time being issued may from time to time (either whilst the Company is a going concern or during or in contemplation of a winding-up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such class of shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held in treasury shares) and that any holder of shares of the class shall be entitled on a poll to one vote for every such share of the class held by him, and that, if at any adjourned meeting of such holders a quorum as above defined be not present, those of such holders who are present shall be a quorum.

14. **Issues of further shares**

The special rights conferred on the holders of any shares or class of shares shall not unless expressly provided by the terms and conditions from time to time attached to such shares be deemed to be altered by the creation of or issue of further shares ranking in priority to or *pari passu* therewith.

SHARES

15. **Payment of commission and brokerage**

The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted. Such commission may be satisfied by the payment of cash

or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

16. Unissued shares

Save as otherwise provided in the Statutes or in these Articles all unissued shares (whether forming part of the original or any increased capital) shall be at the disposal of the Board who may (subject to the provisions of the Statutes) allot, grant options over, offer or otherwise deal with or dispose of them to such persons at such times and generally on such terms and conditions as they may determine.

17. Recognition of trusts

Except as ordered by a Court of competent jurisdiction or as required by law or these Articles, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

SHARE CERTIFICATES

18. Uncertificated shares

- 18.1 Unless otherwise determined by the Board and permitted by the Regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument by virtue of the Regulations. Notwithstanding any provisions of these Articles, the Board shall have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of an uncertificated share (subject always to the Regulations and the facilities and requirements of the relevant system concerned). No provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the holding of shares in uncertificated form.
- 18.2 Conversion of a certificated share into an uncertificated share, and vice versa, may be made in such manner as the Board may, in its absolute discretion, think fit (subject always to the Regulations and the facilities and requirements of the relevant system concerned).
- 18.3 The Company shall enter on the Register how many shares are held by each Member in uncertificated form and in certificated form and shall maintain the Register in each case as required by the Regulations and the relevant system concerned. Unless the Board otherwise determines, holdings of the same holder or joint holders in certificated form and uncertificated form shall be treated as separate holdings.
- 18.4 A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles or the Regulations which applies only in respect of certificated or uncertificated shares.

- 18.5 The Company shall be entitled, in accordance with regulation 32(2)(c) of the Regulations, to require the conversion of an uncertificated share into certificated form to enable it to deal with that share in accordance with any provision in these Articles, including in particular, Articles 62 to 65, and 80.
- 18.6 The provisions of Articles 19 to 23 inclusive shall not apply to uncertificated shares.
19. **Share certificates and right to share certificates**
- 19.1 Subject to Article 19.2 below, the certificates of title to shares shall be issued under the Seal or under the official seal kept by the Company by virtue of Section 40 of the Companies Act 1985 and shall specify the number and class and the distinguishing number (if any) of the shares to which it relates and the amount paid up thereon. No certificate shall be issued relating to shares of more than one class.
- 19.2 Subject to the provisions of the Statutes and the regulations of The London Stock Exchange, the Board may by resolution decide, either generally or in any particular case or cases, that certificates of title to shares need not be issued under a seal.
- 19.3 Every person (other than a recognised clearing house within the meaning of the Financial Services and Markets Act 2000) or a nominee of a recognised clearing house or of a recognised investment exchange (within the meaning of the Financial Services and Markets Act 2000) whose name is entered as a Member in the Register shall be entitled, without payment, to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all the shares registered in his name or, in the case of shares of more than one class being registered in his name, a separate certificate for each class of shares so registered, and where a Member transfers part of the shares of any class registered in his name the old certificate shall be cancelled and, to the extent the balance is to be held in certificated form, he shall be entitled without payment to one new certificate for the balance of shares of that class retained by him. If a Member shall require additional certificates he shall pay for each additional certificate such reasonable sum (if any) as the Board may determine. The Board may, by resolution, disapply the provisions of this Article and Article 21 below to the extent permitted by the Statutes and the regulations of The London Stock Exchange.
20. **Share certificates of joint holders**
- In respect of shares of the class held jointly by more than one person the Company shall not be bound to issue more than one certificate, and delivery of a certificate for such shares to the person first named on the Register in respect of such shares shall be sufficient delivery to all such holders.
21. **Replacement of share certificates**
- If a share certificate be defaced, lost or destroyed it may be replaced upon request and on such terms (if any) as to evidence and indemnity (with or without security) as the Board may think fit and, in the case of defacement, on delivery of the old certificate to the Company. In respect of shares jointly held by more than one person, any one of the joint holders may make such request.

22. **Payment for share certificates**

Every certificate issued under the last preceding Article shall be issued without payment but there shall be paid to the Company any exceptional out-of-pocket expenses of the Company in connection with the request as the Board thinks fit and a sum equal to the costs incurred by the Company of any such indemnity or security as is referred to in that Article.

23. **Registration of holders**

The Company shall not be bound to register more than four persons as the holders of any share.

LIEN

24. **Lien on partly paid shares**

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share but the Board may at any time waive any lien which has arisen and may declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to all dividends payable thereon.

25. **Enforcement of lien by sale**

The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default shall have been given to the holder for the time being of the share or to the person entitled by reason of his death or bankruptcy to the share.

26. **Application of sale proceeds**

The net proceeds of sale, after payment of the costs thereof, shall be received by the Company and applied in or towards payment or satisfaction of the sum in respect whereof the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For giving effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

TRANSFER OF SHARES

27. **Transfers of uncertificated shares**

All transfers of uncertificated shares shall be made in accordance with and be subject to the provisions of the Regulations and the facilities and requirements of the relevant system and, subject thereto, in accordance with any arrangements made by the Board pursuant to Article 18.1.

28. **Form of transfer**

- 28.1 All transfers of certificated shares shall be effected by instrument in writing in any usual or common form or in any other form which the Board may approve. In the case of an instrument of transfer of ordinary shares of 25 pence each and dated on or before the date on which the Court order confirming the reduction of capital approved by Special Resolution passed at the Extraordinary General Meeting held on 1 November 2005 (or at any adjourned meeting) is registered by the Registrar of Companies, such transfer shall be a transfer of the same number of Ordinary Shares as is specified in the instrument of transfer.
- 28.2 The instrument of transfer of any share (whether certificated or uncertificated) shall be signed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof: Provided that in the case of a partly paid share (including a share in respect of which the whole of any premium payable under the terms of its allotment has not become payable and been paid) the instrument of transfer must also be signed by or on behalf of the transferee.

29. **Right to decline registration**

The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of shares (which is not a fully paid share (whether certificated or uncertificated)) provided that the refusal does not prevent dealings in the shares in the Company from taking place on an open and proper basis.

30. **Further rights to decline registration**

In relation to a certificated share, the Board may also decline to recognise any instrument of transfer unless:

- 30.1 The instrument of transfer is lodged with the Company accompanied by a certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); provided that in the case of a transfer of shares in certificated form by a recognised clearing house (within the meaning of the Financial Services and Markets Act 2000) or a nominee of a recognised clearing house or of a recognised investment exchange (within the meaning of the Financial Services and Markets Act 2000) the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question; and
- 30.2 The instrument of transfer is in respect of only one class of share.

31. **Notice of refusal to register**

If the Board refuses to register a transfer it shall, in the case of certificated shares, within two months after the date on which the instrument of transfer was lodged with the Company,

send to the transferee notice of the refusal and (except in the case of fraud) return to him the instrument and shall, in the case of uncertificated shares, notify such person as may be required by the Regulations and the requirements of the relevant system concerned. All instruments of transfer which are registered may be retained by the Company.

32. **No fee for registration**

No fee shall be charged on the registration of any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, stop notice or other instrument relating to or affecting the title to any share or otherwise for making any entry in the Register affecting title to any shares.

33. **Suspension of registration**

The transfer books and the Register and any register of holders of debentures of the Company may, upon giving such notice as is required by the Statutes (if any), be closed at such time or times and for such period as the Board shall deem expedient (and either generally or in respect of any class of shares) except that, in respect of any shares which are uncertificated shares, the Register shall not be closed without the consent of the operator of the relevant system and provided that the same be not closed for any greater period in the whole than thirty days in any year.

34. **Destruction of documents**

Subject to compliance with the rules (as defined in the Regulations) applicable to shares of the Company in uncertificated form, the Company shall be entitled to destroy:

34.1 All instruments of transfer or other documents which have been registered or on the basis of which any entry in the Register of Members was made at any time after the expiration of six years from the date of registration thereof;

34.2 Any dividend mandate or any variation or cancellation thereof or any notification of change of name or address (which shall include, in relation to Electronic Communications, any number or address used for the purposes of such communications) at any time after the expiration of two years from the date of recording thereof; and

34.3 Any share certificate which has been cancelled, at any time after the expiration of one year from the date of such cancellation; and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made, that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered, that every share certificate so destroyed was a valid certificate duly and properly cancelled and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to any claim (regardless of the parties thereto);

- (b) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled;
- (c) any document referred to above may, subject to the Statutes, be destroyed before the end of the relevant period so long as a copy of such document (whether made electronically, by microfilm, by digital imaging or by any other means) has been made and is retained until the end of the relevant period;
- (d) references in this Article to the destruction of any document include references to its disposal in any manner; and
- (e) references in this Article to instruments of transfer shall include, in relation to uncertificated shares, instructions and/or notifications made in accordance with the relevant system concerned relating to the transfer of such shares.

35. **Renunciation of allotment**

The Board may at any time after the allotment of any share but before any person has been entered in the Register as the holder:

- (a) recognise a renunciation thereof by the allottee in favour of some other person and accord to any allottee of a share a right to effect such renunciation; and/or
 - (b) allow the rights represented thereby to be one or more participating securities under the Regulations,
- in each case upon and subject to such terms and conditions as the Board may think fit to impose.

TRANSMISSION OF SHARES

36. **Transmission on death**

In the case of the death of a Member the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole holder or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares, but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share jointly held by him with other persons.

37. **Person entitled by transmission**

Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof.

38. **Restrictions on election**

If any person so becoming entitled shall elect to be registered himself he shall deliver or send to the Company a notice in writing signed by him, stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing a transfer of such share to that person. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.

39. **Rights of persons entitled by transmission**

A person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall, upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof provided always that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

CALLS ON SHARES

40. **Calls**

The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) subject to the terms of allotment thereof made payable at fixed times provided that no call shall be payable at less than one month from the date fixed for payment of the last previous call and each Member shall (subject to the Company giving to him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed in whole or part as the Board may determine.

41. **Timing and payment of calls**

A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

42. **Liability of joint holders**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

43. **Interest due on non-payment of calls**

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding the Prescribed Rate, as the Board may determine, and all expenses that may have been incurred by the Company by reason of such non-payment, but the Board shall be at liberty to waive payment of such interest and expenses wholly or in part.

44. **Deemed calls**

Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in the case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

45. **Power to differentiate between holders**

The Board may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and the times of payment.

46. **Payment of calls in advance**

The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys (whether on account of the nominal value or premium) uncalled and unpaid upon any shares held by him, but any Member making any such advance shall not be entitled to receive interest thereon and, save as provided by the terms of issue of shares, for the purposes of Articles 28, 29, 79, 80 and 138 account shall be taken of any amount paid up on a share in advance of a call or the date upon which sum premium or other payment is payable.

FORFEITURE OF SHARES

47. **Notice if call or instalment not paid**

If a Member fails to pay any call or instalment of a call on or before the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and expenses incurred by the Company by reason of such non-payment.

48. **Form of notice**

The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which and the place where the payment required by the notice is to be made and shall state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which such call or instalment is payable will be liable to be

forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references herein to forfeiture shall include surrender.

49. **Forfeiture for non-compliance**

If the requirements of any such notice as aforesaid be not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Forfeiture shall be deemed to occur at the time of the passing of the said resolution of the Board.

50. **Notice after forfeiture**

When any share has been forfeited, notice of the forfeiture shall forthwith be given to the holder of the share or the person entitled to the share by reason of the death or bankruptcy of the holder (as the case may be), and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to make such entry or give such notice as aforesaid.

51. **Disposal of forfeited shares**

A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person and either subject to or discharged from calls made or instalments due prior to the forfeiture upon such terms and in such manner as the Board shall think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board may think fit provided that the Company shall not exercise any voting rights in respect of such share and any such share not disposed of in accordance with the foregoing within a period of three years from the date of its forfeiture shall thereupon be cancelled in accordance with the provisions of the Statutes. For the purpose of giving effect to any such sale or other disposition the Board may authorise some person to transfer the share so sold or otherwise disposed of to the purchaser thereof or other person becoming entitled thereto.

52. **Continuing liability**

A Member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares and shall, in the case of certificated shares, surrender to the Company for cancellation the certificate for such shares. Such Member shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine, not exceeding the Prescribed Rate, from the date of forfeiture until payment. The Board may, if it thinks fit, waive the payment of such interest or any part thereof.

53. **Statutory declaration**

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of

the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the same is sold or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

STOCK

54. Conversion of stock and shares

The Company may from time to time by ordinary resolution convert any paid up shares into stock of the same class and may re-convert any stock into paid up shares of the same class and of any denomination.

55. Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit. The Board may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of such minimum, but the minimum shall not exceed the nominal amount of the share from which the stock arose.

56. Stockholders' rights

The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at general meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and in assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage.

57. Application of Articles to stock

All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" herein shall include "stock" and "stockholder".

INCREASE OF CAPITAL

58. Increase of share capital

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

59. Application of Articles to new shares

The new shares shall be subject to all the provisions of these Articles with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise.

ALTERATIONS OF CAPITAL

60. Consolidation, sub-division and cancellation

The Company may from time to time by ordinary resolution:

- 60.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 60.2 sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, provided that:
 - (a) in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of a share from which the reduced share is derived; and
 - (b) the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such qualified or deferred rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares; and
- 60.3 cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

61. Reduction of share capital

The Company may also by special resolution reduce its share capital and any capital redemption reserve or any share premium account in any manner and with and subject to any incident authorised and consent required by law.

62. Fractions of shares

Subject to any direction by the Company in general meeting, whenever as the result of any exercise of any options or warrants to subscribe for Ordinary Shares in the Company or as the result of any consolidation or sub-division and consolidation of shares or any issue of shares in connection with the capitalisation of profits Members of the Company are entitled to any issued shares of the Company in fractions, the Board may deal with each of such fractions as they shall determine and in particular may provide that fractions are disregarded or that the benefit of fractions shall accrue to the Company or may sell the shares to which Members are so entitled in fractions for the best price reasonably obtainable and pay and distribute to and amongst the Members entitled to such shares in due proportion the net proceeds of the sale thereof or retain such net proceeds for the benefit of the Company. For the purpose of giving effect to any such sale the Board may, in respect of certificated shares, nominate some person to execute a transfer of the shares sold on behalf of the Members so entitled, or, in respect of uncertificated shares, nominate any person to transfer such shares in accordance with the facilities and requirements of the relevant system concerned or make

such other arrangements as are compatible with the relevant system concerned or, in either case, in accordance with the directions of the buyer thereof and may cause the name of the transferee(s) to be entered in the Register as the holder(s) of the shares comprised in any such transfer, and such transferee(s) shall not be bound to see to the application of the purchase money nor shall such transferee(s)' title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale. For the purposes of this Article, any shares representing fractional entitlements to which any Member would, but for this Article, become entitled may be issued in certificated form or uncertificated form.

UNTRACED SHAREHOLDERS

63. Power to sell shares

The Company shall be entitled to sell, at the best price reasonably obtainable at the time of sale, any share of a Member or any share to which a person is entitled by transmission if and provided that:

- 63.1 for a period of 12 years prior to the date of publication of the advertisement in Article 63.2 below no cheque, warrant or order sent by the Company in the manner authorised by these Articles in respect of the share in question has been cashed and no communication has been received by the Company from the Member or the person entitled by transmission; provided that, in such period of 12 years, at least three dividends whether interim or final on or in respect of the share in question have become payable and no such dividend during that period has been claimed; and
- 63.2 the Company has, on or after expiration of the said period of 12 years, by advertisement in both a national newspaper and a newspaper circulating in the area in which the last known address of the Member or the address at which service of notices may be effected in the manner authorised in accordance with the provisions of these Articles is located, given notice of its intention to sell such share (but such advertisements need not refer to the names of the holder(s) of the share or identify the share in question); and
- 63.3 the Company has not, during the further period of three months after the publication of such advertisements and prior to the exercise of the power of sale, received any communication from the Member or person entitled by transmission.

64. Authority to effect sale

To give effect to any sale pursuant to the previous Article, the Directors may authorise any person to execute as transferor an instrument of transfer of the said share and such instrument of transfer shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such share. The transferee shall not be bound to see to the application of the purchase monies and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former Member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former Member or other person in the books of the Company as a long term

debt for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company (if any)) as the Directors may from time to time think fit.

65. **Authority to cease sending cheques**

If either:

- 65.1 on two consecutive occasions cheques, warrants or orders in payment of dividends or other monies payable in respect of any share have been sent through the post or otherwise in accordance with the provisions of these Articles but have been returned undelivered or left uncashed during the periods for which the same are valid or any transfer by bank or other funds transfer system has not been satisfied; or
- 65.2 following one such occasion reasonable enquiries have failed to establish any new address of the registered holder;
- the Company need not thereafter despatch further cheques, warrants or orders and need not thereafter transfer any sum (as the case may be) in payment of dividends or other monies payable in respect of the share in question until the Member or other person entitled thereto shall have communicated with the Company and supplied in writing to the Office an address for the purpose.

GENERAL MEETING

66. **Annual general meeting**

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held at such time and place as the Board shall appoint.

67. **Extraordinary general meetings**

All general meetings other than annual general meetings shall be called extraordinary general meetings.

68. **Convening of extraordinary general meetings**

The Board may, whenever it thinks fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition (and for a date not later than eight weeks after receipt of the requisition) or, in default, may be convened by such requisitionists as provided by the Statutes. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board.

NOTICE OF GENERAL MEETINGS

69. **Length and form of notice**

An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing or by Electronic Communication at the least, and a meeting other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing or by Electronic Communication at the least. The notice period shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting, and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special or extraordinary resolution shall specify the intention to propose the resolution as a special or extraordinary resolution as the case may be. Notice of every general meeting shall be given in the manner hereinafter mentioned to such persons as are, in accordance with the provisions of these Articles, entitled to receive such notices from the Company, and also to the Auditors for the time being of the Company.

70. **Short notice**

70.1 A meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in the last preceding Article, be deemed to have been duly called if it is so agreed:

70.2 in the case of a meeting called as the annual general meeting by all the Members entitled to attend and vote thereat; and

70.3 in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

71. **Right to attend and vote**

In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a Member.

72. **Omission or non-receipt of notice or proxy**

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

73. **Postponement of general meetings**

If the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, they may postpone the general meeting to another date, time and/or place. When a meeting is so postponed, notice of the date, time and place of the postponed meeting shall be placed in at least two national newspapers in the United Kingdom. Notice of the business to be transacted at such postponed meeting shall not be required.

PROCEEDINGS AT GENERAL MEETINGS

74. **Quorum and procedure if quorum not present**

- 74.1 No business shall be transacted at any general meeting unless a quorum be present when the meeting proceeds to business. Save as otherwise provided by these Articles, three Members present in person or by proxy and entitled to vote shall be a quorum for all purposes. A corporation being a Member shall be deemed for the purpose of this Article to be personally present if represented by proxy or in accordance with the provisions of the Statutes.
- 74.2 If within half-an-hour from the time appointed for the meeting a quorum is not present the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time or place as the Chairman of the meeting may determine. If at such adjourned meeting a quorum as above defined is not present within fifteen minutes from the time appointed for holding the meeting the Members present whether in person or by proxy shall be a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

75. **Arrangements for simultaneous attendance, security and orderly conduct**

- 75.1 In the case of any general meeting, the Directors may, notwithstanding the specification in the notice convening the general meeting of the place at which the chairman of the meeting shall preside (the “ **Principal Place** ”), make arrangements for simultaneous attendance and participation at other places by Members and proxies and others entitled to attend the general meeting but excluded from the Principal Place under the provisions of this Article 75.
- 75.2 Such arrangements for simultaneous attendance at the general meeting may include arrangements regarding the level of attendance at the other places provided that they shall operate so that any Members and proxies excluded from attendance at the Principal Place are able to attend at one of the other places. For the purpose of all other provisions of these Articles any such general meeting shall be treated as being held and taking place at the Principal Place.
- 75.3 The Directors may, for the purpose of facilitating the organisation and administration of any general meeting to which such arrangements apply, from time to time make arrangements, whether involving the issue of tickets (on a basis intended to afford to all Members and proxies and others entitled to attend the meeting an equal opportunity of being admitted to the Principal Place) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in their place. The entitlement of any Member or proxy or other person entitled to attend a general meeting at the Principal Place shall be subject to such arrangements as may for the time being be in force whether stated in the notice of the general meeting to apply to that Meeting or notified to the Members concerned subsequent to the provision of the notice of the general meeting.

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- 75.4 The Directors or the chairman of the meeting or any person authorised by the Directors may direct that Members, proxies or corporate representatives wishing to attend any general meeting or anyone else permitted by the chairman of the meeting to attend should submit to such searches or other security arrangements or restrictions (including, without limitation, restrictions on items of personal property which may be taken into the meeting) as the Directors or the chairman of the meeting or such person authorised by the Directors shall consider appropriate in the circumstances. Such persons shall be entitled in their absolute discretion to refuse entry to, or to eject from, such general meeting any such person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.
- 75.5 A person appointed by the Directors shall preside at each location other than where the chairman of the meeting is presiding. Every such person shall carry out all requests made of him by the chairman of the shareholders' meeting, shall keep good order at that location and shall have all powers necessary or desirable for such purposes.
- 75.6 The Directors or the chairman of the meeting or any person authorised by the Directors may, at any meeting, take such action as is thought fit to secure the safety of the people attending the meeting and to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and the chairman of the meeting's decision on matters of procedure or matters arising incidentally from the business of the meeting shall be final, as shall be his determination as to whether any matter is of such a nature.
- 75.7 Under no circumstances will a failure (for any reason) of communication equipment, or any other failure in the arrangements for participation in the meeting at more than one place, affect the validity of such meeting, or any business conducted thereat, or any action taken pursuant thereto.
76. **Chairman of general meetings**
- 76.1 The Chairman (if any) of the Board or, in his absence, any deputy-Chairman shall preside as Chairman at every general meeting of the Company.
- 76.2 If there be no such Chairman or deputy-Chairman, or if at any meeting neither the Chairman nor the deputy-Chairman be present within fifteen minutes after the time appointed for holding the meeting, or if neither of them be willing to act as Chairman, the Directors present shall choose one of their number to act, or if one Director only be present he shall preside as Chairman if willing to act. If no Director be present, or if all the Directors present decline to take the chair, the Members present shall choose one of their number to be Chairman.
77. **Adjournments**
- The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, not less than seven clear days' notice in writing or by Electronic Communication of the adjourned meeting shall be given specifying the day, the place and the time of the meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as

aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

78. Method for voting and demand for a poll; casting vote

- 78.1 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chairman or by at least three Members present in person or by proxy and entitled to vote or by any Member or Members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting or holding shares conferring a right to vote at the meeting on which there have been paid up sums in the aggregate equal to less than one-tenth of the total sum paid up on all shares conferring that right. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such a resolution.
- 78.2 If any votes are counted which ought not to have been counted or might have been rejected the error shall not vitiate the resolution unless it is pointed out at the same meeting and not in that case unless it shall, in the opinion of the Chairman of the meeting, be of sufficient magnitude to vitiate the resolution.
- 78.3 If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 78.4 In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the Chairman of such meeting shall be entitled to a second or casting vote.
- 78.5 A poll demanded on the election of a Chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time (not being more than thirty days after the date of the meeting or adjourned meeting at which the poll is demanded) and place and in such manner as the Chairman directs. No notice need to given of a poll not taken immediately.
- 78.6 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded, and the demand may be withdrawn at any time before the poll is taken, whether before or after the termination of the meeting in question. If a poll is demanded on a declaration of the result of a show of hands and the demand is later withdrawn in accordance with the provisions of this Article, then the resolution in question shall be carried or lost (as the case may be) in accordance with such declaration and an entry to that effect shall be made in the book of proceedings of the Company.

VOTES OF MEMBERS

79. **Votes of members and joint holders**

Subject to any special terms as to voting upon which any shares may be issued or may be for the time being held, on a show of hands every Member who is present in person shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every four Ordinary Shares of which he is holder. Provided that on a poll every Member who is present in person or by proxy shall in respect of Ordinary Shares held by him otherwise than fully paid up have one vote for every 40 U.S. cents in the aggregate paid up in respect of the nominal amount of Ordinary Shares held by him. For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting.

80. **Suspension of rights for non-payment of calls and non-disclosure of interests**

80.1 No Member shall, unless the Board otherwise determines, be entitled in respect of any share in the capital of the Company held by him to be present or to vote at any general meeting or meeting of the holders of any class of shares in the capital of the Company either personally or by proxy, or be reckoned in the quorum for any such meeting or to exercise any other right conferred by membership in relation to meetings of the Company or holders of any class of shares in the capital of the Company if any call or other sum presently payable by him to the Company in respect of such share remains unpaid.

80.2 If any Member, or any person appearing to the Board to be interested in shares held by such Member, has been duly served with a notice under Section 212 of the Companies Act 1985 and is in default for the prescribed period in supplying to the Company the information thereby required then the Board may in their absolute discretion at any time thereafter serve a notice (a "direction notice") upon such Member as follows:

- (a) a direction notice may direct that, in respect of the shares in relation to which the default occurred ("default shares"), the Member shall not be entitled to be present or to vote at a general meeting or a meeting of the holders of any class of shares of the Company either personally or by proxy or to be reckoned in the quorum for any such meeting or to exercise any other right conferred by membership in relation to the meetings of the Company or of the holders of any class of shares of the Company for so long as the default occurs; and
- (b) where the default shares represent at least 0.25 per cent. of the class of issued shares concerned (excluding any shares in the Company held as treasury shares), then the direction notice may additionally direct that:
 - (i) in respect of the default shares any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Member; and/or
 - (ii) no transfer other than an approved transfer of any shares held by such Members shall be registered unless:
 - (A) the Member is not himself in default as regards supplying the information requested; and

- (B) the transfer is of part only of the Member's holding and when presented for registration is accompanied by a certificate by the Member in a form satisfactory to the Board to the effect that after due and careful enquiry the Member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer,

provided that, in the case of shares in uncertificated form, the Board may only exercise their discretion not to register a transfer if permitted to do so by the Regulations.

Any direction notice may treat shares of a Member in certificated and uncertificated form as separate holdings and either apply only to the former or to the latter or make different provision for the former and the latter.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

80.3 Any direction notice shall cease to have effect not more than seven days after the earlier of the receipt by the Company of:

- (a) a notice of an approved transfer, but only in relation to the shares transferred; or
- (b) all the information required by the section 212 notice, in a form satisfactory to the Board,

provided that notice in writing of the cessation of the direction notice shall be given to the Member promptly.

80.4 For the purpose of this Article:

- (a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification under the said Section 212 which either:
 - (i) names such person as being so interested; or
 - (ii) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any relevant Section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
- (b) the prescribed period in respect of any particular Member is twenty-eight days from the date of service of the said notice under Section 212 except where the default shares represent at least 0.25 per cent. of the class of shares concerned in which case such period shall be reduced to fourteen days;

(c) a transfer of shares is an approved transfer if but only if:

- (i) it is a transfer of shares to an offerer by way or in pursuance of acceptance of a takeover offer for a company (as defined in Section 428 of the Companies Act 1985); or
- (ii) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the Member and with other persons appearing to be interested in such shares; or
- (iii) the transfer results from a sale made through a recognised investment exchange (within the meaning of the Financial Services and Markets Act 2000) or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

80.5 Nothing contained in this Article shall limit the power of the Board under Section 216 of the Act.

81. Joint holders

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

82. Corporate representatives

A corporation being a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company and shall be deemed to be present in person at any such meeting if a person so authorised is present thereat.

83. Mental disorder

A Member in respect of whom an order has been made by any Court having jurisdiction (in the United Kingdom or elsewhere) in matters concerning mental disorder may at the discretion of the Board vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person appointed by such Court and subject to production of such evidence of appointment as the Board may require, and such committee, receiver, curator bonis or other person may vote on a poll by proxy.

84. Objections to and errors in voting

No objection shall be raised to the qualifications of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due

time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

85. Voting on a poll

On a poll votes may be given either personally or by proxy and a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. Unless his appointment otherwise provides, the proxy may vote or abstain at his discretion on any matter coming before the meeting on which proxies are entitled to vote.

86. Execution of proxies

The appointment of a proxy shall be in writing in any usual common form, or any other form which the Board may approve, under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor be a corporation, either under seal or under the hand of an officer or attorney duly authorised; or, if permitted by the Board, by Electronic Communication in the manner and form and subject to such terms and conditions as the Board may decide. The signature, if any, of such appointment need not be witnessed.

87. Appointment of proxies

A proxy need not be a Member of the Company. A Member may appoint more than one proxy to attend on the same occasion. Deposit or (in the case of an appointment by Electronic Communication) receipt of an appointment of proxy shall not preclude a Member from attending and voting in person at the meeting or any adjournment thereof.

88. Rights of proxies

A proxy shall have the right to demand or to join in demanding a poll and the right to speak at the meeting.

89. Delivery of proxies

The appointment of a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, or a copy certified in accordance with the provisions of the Powers of Attorney Act, 1971, shall:

- 89.1 in the case of an appointment not contained in an Electronic Communication, be deposited at the Office (or such other place in the United Kingdom as may be specified in the Notice convening the meeting) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- 89.2 in the case of an appointment contained in an Electronic Communication, where an address has been specified for the purpose of receiving Electronic Communications, for the appointment of proxies or voting by means of proxy in or by way of note to the notice convening the meeting, or in any other document sent out by the Company accompanying such notice, or in any invitation contained in an Electronic Communication to appoint a proxy issued by the vote, be received at such address not less than 48 hours before the time

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- appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote; or
- 89.3 in the case of a poll taken subsequently to the date of a meeting or adjourned meeting be deposited or (in the case of Electronic Communication) received at such address not less than twenty-four hours before the time appointed for the taking of the poll and in default the appointment of the proxy shall not be treated as valid.
90. **Two or more appointments of proxy**
- If two or more valid but differing appointments of a proxy are delivered or (in the case of Electronic Communication) received in accordance with these Articles in respect of the same share for use at the same meeting, the one which is last delivered, or, as the case may be, received as aforesaid (regardless of its date, its date of sending or the date of its execution) shall be treated as replacing and revoking the others as regards that share. If the Company is unable to determine which was delivered or received last, none of them shall be treated as valid in respect of that share.
91. **Validity of proxies**
- The appointment of a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting to which it relates. No appointment of a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution except at an adjourned meeting or on a poll demanded at a meeting or adjourned meeting in cases where the meeting was originally held within twelve months from that date.
92. **Cancellation of proxy's authority**
- A vote given (or poll demanded) in accordance with the terms of an instrument of proxy or in accordance with an Electronic Communication appointing a proxy, shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the appointment of proxy or of the authority under which it was executed, or the transfer of the share in respect of which the appointment of proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office before or at such other place (if any) as is specified for depositing the appointment of proxy or, where the appointment of the proxy was contained in an Electronic Communication or was received pursuant to Article 89, at the address at which such appointment was duly received, at least one hour before the commencement of the meeting or adjourned meeting, or the taking of the poll at which the appointment of proxy is used.
93. **Written resolutions**
- Subject to the provisions of the Statutes, a resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at General Meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held, and may consist of two or more documents in like form each signed by one or more of the Members.

DIRECTORS

94. Number of Directors

Unless and until otherwise determined by the Company in general meeting, the Directors shall be not less than two.

95. Alternate Directors

- 95.1 Each Director shall have power to appoint either another Director or any person approved for that purpose by a resolution of the Board to act as alternate Director in his place during his absence. A person so appointed shall (subject to his giving to the Company an address within the United Kingdom or an address for the purpose of Electronic Communications at which notices may be served on him) be entitled to receive notices of all meetings of the Board and, in the absence from the Board of the Director appointing him, to attend and vote at meetings of the Board, and to exercise all the powers, rights, duties and authorities of the Director appointing him. A Director may at any time revoke the appointment of an alternate appointed by him, and subject to such approval as aforesaid where requisite appoint another person in his place. The appointment of an alternate Director shall cease and determine on the happening of any event which if he was a Director would render him legally disqualified from acting as a Director or if he has a receiving order made against him or if he compounds with his creditors generally or if he becomes of unsound mind. An alternate Director need not hold a share qualification. Any Director acting as alternate shall have an additional vote for each Director for whom he acts as alternate but shall count as only one for the purpose of determining whether a quorum be present. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, provided that if any Director retires by rotation or otherwise but is re-elected at the same meeting, any appointment made by him pursuant to this Article which was in force immediately before his retirement shall remain in force as though he had not retired.
- 95.2 All appointments and removals of an alternate Director shall be effected by instrument in writing delivered at the Office and signed by the appointor or at some other address which has been specified by the Board for the purpose of notifying appointments and removals of alternate Directors by means of Electronic Communications in and subject to such terms and conditions, if any, as the Board may decide. In this Article reference to “in writing” shall include the use of Electronic Communications.
- 95.3 Every person acting as an alternate Director shall be an officer of the Company, and shall also be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him. The remuneration of any such alternate Director shall be payable out of the remuneration payable to the Director appointing him, and shall consist of such portion of the last-mentioned remuneration as shall be agreed between the alternate and the Director appointing him provided that such payment be notified to the Company in writing.
- ### 96. Directors’ fees and expenses
- 96.1 The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Board may from time to time determine (not exceeding in the aggregate an annual sum of US \$2,000,000 or such larger amount as the Company may

by ordinary resolution determine) and such remuneration shall be divided among the Directors as the Board may by resolution determine or, failing such determination, equally, except that any Director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during such year. Such remuneration shall be deemed to accrue from day to day. The Directors (including alternate Directors) shall also be entitled to be paid their reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or otherwise incurred while engaged on the business of the Company.

- 96.2 Subject to the Statutes, payment may be made to any one or more Directors under this Article 96 by the allotment and issue to any such Director of shares in the capital of the Company on such terms and subject to such conditions as the Board may determine.

97. **Additional remuneration**

Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

98. **Other interest of Directors**

- 98.1 Subject to the provisions of the Statutes and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director of the Company may be or become a director or other officer or other offices, servant or member of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or other officer servant or member of or from his interest in such other company. The Board may also exercise or procure the exercise of the voting power conferred by the shares in any other company held or owned by the Company (and the Directors may exercise any voting rights to which they are entitled as directors of such other Company) in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing the members of the Board or any of them to be directors or officers or servants of such other company, and fixing their remuneration as such, and each Member of the Board may vote as a Director of the Company in connection with any of the matters aforesaid.
- 98.2 Subject to the provisions of the Statutes and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with this office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange. Any such remuneration shall be in addition to any remuneration provided for by any other Article. No Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company, either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or in any other manner whatever. Subject to the Statutes, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be liable to be avoided, nor

shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relation thereby established.

- 98.3 A Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Board after he becomes so interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in all transactions with such company or firm shall be sufficient declaration of interest under this Article, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that either the notice is given at a meeting of the Board or the Director giving the same takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given. An interest (whether of his or a connected person, within the meaning of Section 346 of the Act) of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.
- 98.4 Save as herein provided, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- 98.5 A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
- (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
 - (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is to be interested as a participant in the underwriting or sub-underwriting thereof.
 - (d) any proposal concerning any other company in which he (together with persons connected with him within the meaning of Section 346 of the Act) is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that neither he nor any person connected with him is the holder of or beneficially interested in 1 per cent or more of the issued shares of any class of

such company (or of any third company through which his interest is derived) or of the voting rights of that company;

- (e) any proposals concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
- (f) any proposal concerning the adoption, modification or operation of any scheme for enabling employees including full time Executive Directors of the Company and/or any subsidiary to acquire shares of the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to employees and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom the scheme or arrangement relates; and
- (g) any proposal concerning (i) insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors, or (ii) indemnities in favour of Directors, or (iii) the funding of expenditure by one or more Directors on defending proceedings against him or them, or (iv) doing anything to enable such Director or Directors to avoid incurring such expenditure.

- 98.6 A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested including fixing or varying the terms of his appointment or the termination thereof.
- 98.7 Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 98.8 If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.
- 98.9 The Company may by ordinary resolution suspend or relax the provisions of Articles 98.1 to 98.8 to any extent or ratify any transaction not duly authorised by reason of a contravention of such Articles.

99. **Directors' shareholding qualification**

A Director shall not be required to hold any shares of the Company as a qualification for office, but nevertheless shall be entitled to attend and speak (but not to vote) at any general meeting of, or at any separate meeting of the holders of any class of shares in, the Company.

DISQUALIFICATION OF DIRECTORS

100. **Vacation of a Director's office**

The office of a Director shall be vacated in any of the following events, namely:

- 100.1 if he ceases to be a Director by virtue of section 293 of the Act;
- 100.2 if a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally or applies to the Court for an interim order under Section 25.3 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- 100.3 if he becomes prohibited by law from acting as a Director;
- 100.4 if, in England or elsewhere, an order is made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs;
- 100.5 if he resigns his office by notice in writing to the Company or offers to resign and the Directors resolve to accept such offer;
- 100.6 if, not having leave of absence from the Directors, he and his alternate (if any) fail to attend the meetings of the Directors for six successive months, unless prevented by illness, unavoidable accident or other cause which may seem to the Directors to be sufficient, and the Directors resolve that his office be vacated;
- 100.7 if, by notice in writing delivered to or received at the Office or at some other address specified for the purpose of Electronic Communications or tendered at a meeting of the Directors, his resignation is requested by all of the other Directors (but so that this shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company). In this Article 100.7 references to "in writing" shall include the use of Electronic Communications delivered to an address which has been specified by the Directors for the purpose of receiving such resignation request by means of Electronic Communications and subject to such terms and conditions, if any, as the Directors may decide.

POWERS AND DUTIES OF DIRECTORS

101. **Powers of the Company vested in the Directors**

The business of the Company shall be managed by the Board, which may exercise all such powers of the Company as are not by the Act or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of these Articles and of the Act and to such regulations, being not inconsistent with such provisions, as may be

prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

102. **Local boards**

The Board may establish any local boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

103. **Attorneys**

The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers authorities and discretions vested in him.

104. **Official Seal**

The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and with regard to having an official seal for sealing and evidencing securities, and such powers shall be vested in the Board.

105. **Overseas branch register**

The Company may exercise the powers conferred by the Statutes with regard to the keeping of an Overseas Branch Register, and the Board may (subject to the provisions of the Statutes) make and vary such regulations as it may think fit respecting the keeping of any such register.

106. **Signing of cheques etc.**

All cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time determine.

107. **Minutes**

107.1 The Board shall cause minutes to be made in books provided for the purpose:

- (a) of all appointments of officers made by the Board;
- (b) of the names of the Directors present at each Board or committee meeting;
- (c) of all resolutions and proceedings at all meetings of the Company and of the Board and of any committees of the Board.

107.2 Any such minute as aforesaid in Article 107.1 above, if purporting to be signed by the Chairman of the meeting at which the proceedings took place, or by the Chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes without any further proof. It shall not be necessary for members of the Board present at any meeting of the Board to sign their names in the minute book or other book kept for recording attendance.

BORROWING POWERS

108. **Directors' borrowing powers and restrictions on borrowing**

108.1 Subject to the provisions, of the Statutes, the Board may exercise all the powers of the Company to borrow or raise money as they think necessary for the purposes of the Company. The aggregate amount at any time owing by the Company and/or its non-banking subsidiary undertakings (as hereinafter defined) in respect of moneys borrowed by it or them or any of them (inclusive of moneys borrowed by the Company or a non-banking subsidiary undertaking from a banking subsidiary undertaking but exclusive of moneys borrowed by the Company from a non-banking subsidiary undertaking and exclusive of moneys borrowed by a non-banking subsidiary undertaking from another non-banking subsidiary undertaking or from the Company) shall not at any time, without the previous sanction of the Company in general meeting, exceed whichever shall be the greater of £150 million and a sum equal to three times the aggregate of:

- (a) the nominal capital of the Company for the time being issued and paid up;
- (b) the share premium of the Company;
- (c) other amounts standing to the credit of the consolidated capital and reserves (including but not limited to the capital redemption reserve, the revaluation reserve, other reserves and the profit and loss account); and
- (d) minority interests;

all as shown in a consolidation of the then latest audited Balance Sheets of the Company and each of its non-banking subsidiary undertakings but after:

- (i) making such adjustments as may be appropriate in respect of any variation in the issued and paid-up share capital, the Share Premium Account and the

Capital Redemption Reserve of the Company since the date of its latest audited Balance Sheet;

- (ii) deducting therefrom:
 - (A) an amount equal to any distribution by the Company or its non-banking subsidiary undertakings out of profits earned prior to the date of the latest audited consolidated Balance Sheet and which has been declared, recommended or made since that date except so far as provided for in such Balance Sheet or to the extent that a distribution from a non-banking subsidiary undertaking is received by the Company or another non-banking subsidiary undertaking;
 - (B) all intangible assets other than goodwill; and
 - (C) any debit balance on any consolidated reserve to the extent that such amount has not already been deducted from the reserves of the Company and its non-banking subsidiary undertakings;
- (iii) adding thereto the total aggregate amount of any sums which have been charged to reserves in the said consolidation of the then latest audited Balance Sheets of the Company and each of its non-banking subsidiary undertakings in respect of goodwill arising (whether on consolidation or otherwise) as a result of the acquisition of any asset by the Company or its non-banking subsidiary undertakings (a “relevant asset”) after deducting therefrom a sum equal to the aggregate of the amounts of any permanent diminution in value of any of the relevant assets; and
- (iv) making such other adjustments as the Auditors for the time being of the Company consider appropriate.

108.2 A report by the Auditors for the time being of the Company as to the aggregate amount which may at any one time in accordance with the provisions of this Article 108.2 be owing by the Company and its non-banking subsidiary undertakings, without such sanction as aforesaid shall be conclusive in favour of the Company and all persons dealing with the Company.

108.3 No such sanction shall be required to the borrowing of any sum of money intended to be applied within six months after such borrowing in the repayment (with or without premium) of any moneys then already borrowed and outstanding notwithstanding that the same may result in such limit being exceeded. In calculating the amount of “moneys borrowed” for the purpose of this Article there shall be deducted the amount of the cash and short-term deposits and cash equivalents of the Company and its non-banking subsidiary undertakings (other than any borrowed moneys permitted by this Article and any cash, short-term deposits and cash equivalents held or made in the capacity of a trustee of, or for or on behalf of, any other person or persons). For the purpose of this Article “cash equivalents” means short term, highly liquid investments that are readily convertible into known amounts of cash and which are purchased as part of cash management activities to earn interest or similar income rather than to make investment gains.

- 108.4 No lender or other person dealing with the Company shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time the debt or the security was incurred that the limit hereby imposed had been or was thereby exceeded.
- 108.5 The Board shall take all necessary steps (including the exercise of all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings) for securing that the aggregate amount at any one time outstanding in respect of moneys borrowed by all or any of the non-banking subsidiary undertakings of the Company, exclusive as aforesaid, shall never (without such sanction as aforesaid) when added to the amount (if any) for the time being owing in respect of moneys borrowed by the Company, exclusive as aforesaid, exceed the said limit.
- 108.6 In this Article 108, the expressions following shall have the meanings hereinafter mentioned, that is to say:
- “subsidiary undertaking” means a company which is for the time being a subsidiary undertaking of the Company as that expression is defined by Statutes;
- “non-banking subsidiary undertaking” means a subsidiary undertaking of the Company which is not a banking subsidiary undertaking as hereinafter defined; and
- “banking subsidiary undertaking” means any subsidiary undertaking which is a bank authorised under the Financial Services and Markets Act 2000 or other subsidiary undertaking the major part of the business of which for the time being consists of the lending of money and/or the taking of deposits and/or the holding of the equity share capital of any such subsidiary undertaking and/or the co-ordination of the activities of such subsidiary undertaking.
- 108.7 The Board may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures or securities, and upon such terms as to the time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper including a right for the holder of bonds, debentures or securities to exchange the same for shares in the Company of any class authorised to be issued.
- 108.8 Subject as aforesaid the Board may secure or provide for the payment of any moneys to be borrowed authorised by a mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and upon any capital remaining unpaid upon the shares of the Company whether called up or not, or by any other security, and the Board may confer upon any mortgagee or person in whom any debenture or security is vested such rights and powers as they think necessary or expedient, and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture-holder such rights and powers as the Board may think necessary or expedient in relation to the undertaking or property of the Company, or the management of the realisation thereof or the making, receiving or enforcing of calls upon the Members in respect of unpaid capital, and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

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- 108.9 The Board may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall for the purposes of the above limitation be reckoned as moneys borrowed.

PROCEEDINGS OF THE BOARD

109. **Board meetings and participation**

- 109.1 The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote. A Director may and the Secretary on the requisition of a Director shall at any time summon a Board meeting.
- 109.2 The Directors shall be deemed to meet together if, being in separate locations, they are nonetheless linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other, and a quorum in that event shall be two Directors so linked.

110. **Quorum at Board meetings**

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two.

111. **Notice of Board meetings**

Notice of a Board Meeting shall be deemed to be duly given to a Director whether it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. In this Article, references to "in writing" include the use of Electronic Communication delivered to an address which has been specified by a Director for the purpose of his receiving notices of Board Meetings by means of Electronic Communications subject to such terms and conditions, if any, as the Board may decide.

112. **Directors below minimum**

The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number be reduced below the minimum number fixed by or in accordance with these Articles, the continuing Director may act for the purpose of filling up vacancies in the Board or for summoning general meetings of the Company but not for any other purpose, and may act for either of the purposes aforesaid notwithstanding that the number of Directors is reduced below the number fixed as the quorum by or in accordance with these Articles. If there be no Directors or Director able or willing to act, then any two Members may summon a general meeting for the purpose of appointing Directors.

113. **Appointment of Chairman and deputy-Chairman of meetings**

The Board may elect a Chairman and deputy-Chairman of its meetings and determine the period for which they are respectively to hold office. If no such Chairman or deputy-Chairman

be elected, or if at any meeting neither the Chairman nor the deputy-Chairman be present within five minutes after the time appointed for holding the same, Directors present may choose one of their number to be Chairman of the meeting. If at any time there is more than one deputy-Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the deputy-Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.

114. Board meetings

A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board.

115. Delegation of Board's powers to committees

115.1 The Board may delegate any of its powers to committees, whether consisting of a member or members of its body or not, as it thinks fit. Any such committee shall, unless the Directors otherwise resolve, have the power to sub-delegate to sub-committees any of the powers or directions delegated to it. Insofar as any such power or discretion is delegated to a committee or sub-committee, any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such committee or sub-committee. Any committee or sub-committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

115.2 The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.

116. Written resolution of Directors

A resolution in writing signed by all the Directors entitled to receive notice of a meeting of the Board or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned PROVIDED THAT such a resolution need not be signed by an alternate Director if it is signed by the Director who appointed him.

117. Validity of Directors' acts

All acts done by the Board or any committee or by any person acting as a Director, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any such Director or person acting as aforesaid or that any of them was disqualified from holding office or not entitled to vote, or that they or any of them had vacated office, shall be as valid as if every such person had been duly appointed, was qualified, had continued to be a Director and was entitled to vote.

ROTATION OF BOARD

118. Retirement from the Board

118.1 Each Director shall retire at the annual general meeting held in the third calendar year following the year in which he was elected or last re-elected but, unless he falls within Article 118.2 below, he shall be eligible for re-election. . A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.

118.2 A Director shall also retire at any annual general meeting if he has agreed to do so (whether in accordance with the terms of his appointment or otherwise) and unless the Directors have agreed otherwise, he shall not be eligible for re-election.

119. Election to the Board

Subject to Article 120 the Company at the meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto unless at such meeting it is expressly resolved not to fill up such vacated office.

120. Appointment of Directors by separate resolution

A single resolution for the appointment of two or more persons as Directors shall not be put at any general meeting, unless a resolution that it shall be so put has first been agreed to by the meeting without any vote being given against it.

121. Persons eligible for appointment

No person, other than a Director retiring at the meeting, shall, unless recommended by the Board, be eligible for election to the office of a Director at any general meeting unless, not less than seven and not more than twenty-one clear days before the day appointed for the meeting, there shall have been given to the Secretary notice in writing by some Member duly qualified to be present and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

122. Automatic re-election

If at any meeting at which an election of Directors ought to take place the place of any retiring Director is not filled up, such Director, if offering himself for re-election, shall be deemed to have been re-elected unless (i) at such meeting it be expressly resolved not to fill up such place; or (ii) a motion that he be re-elected is put to the meeting and defeated; or (iii) such Director is ineligible for re-election.

123. Increase and reduction in number of Directors

The Company in general meeting may from time to time increase or reduce the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.

124. **Casual vacancies and additional powers of Directors – powers of the Company**

Subject as aforesaid, the Company may from time to time by ordinary resolution appoint a person who is willing to be a Director either to fill a casual vacancy or as an additional Director.

125. **Casual vacancies and additional Directors – powers of Directors**

Without prejudice to the power of the Company in general meeting in pursuance of any of the provisions of these Articles to appoint any person to be a Director, the Board shall have power at any time and from time to time to appoint any person (subject to the Statutes) to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Any Director so appointed shall hold office only until the dissolution of the next following annual general meeting unless he is re-elected during that meeting.

126. **Power of removal by ordinary resolution**

The Company may by ordinary resolution of which special notice has been given in accordance with the Statutes, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claims such Director may have for damages for breach of any contract of service between him and the Company. The Company may (subject to Article 120 or to the provisions of the Statutes as the case may be) by an ordinary resolution appoint another person in his stead.

127. **Appointment of replacement Director**

Subject to Article 120, the Company may by ordinary resolution appoint another person in place of a Director removed from office under the immediately proceeding Article.

MANAGING AND EXECUTIVE DIRECTORS

128. **Appointment of executive Directors**

- 128.1 Subject to the Statutes the Board may from time to time appoint one or more of its body to the office of Executive Chairman, Managing Director or Assistant Managing Director or to such other executive office for such period and upon such terms as it thinks fit and subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. Such appointment of a Director shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) *ipso facto* determine if he ceases from any cause to be a Director.
- 128.2 The appointment of any Director to the office of Chairman or deputy-Chairman or Managing Director or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

128.3 The appointment of any Director to any other executive office shall not automatically determine if he ceases, for whatever reason, to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

129. **Powers of Executive Directors**

129.1 The Board may entrust to and confer upon an Executive Chairman, Managing Director, Assistant Managing Director or other Director holding executive office any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with or to the exclusion of its own powers, and may from time to time (subject to the terms of any agreement entered into in any particular case) revoke, withdraw, alter or vary all or any of such powers.

129.2 The Board shall adopt terms of reference setting out the division of responsibilities between the roles of Chairman and Chief Executive from time to time.

SECRETARY

130. **Appointment and removal of the Secretary**

Subject to the Statutes, the Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Secretary so appointed may be removed by the Board. No person shall be appointed or hold office as Secretary who is:

130.1 the sole Director of the Company; or

130.2 a corporation the sole director of which is the sole Director of the Company; or

130.3 the sole director of a corporation which is the sole Director of the Company.

131. **Assistant or Deputy Secretary**

The Board may from time to time if there is no Secretary or no Secretary capable of acting by resolution appoint any person to be an assistant or deputy Secretary to exercise the functions of the Secretary.

132. **Capacity**

A provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

PENSIONS AND ALLOWANCES

133. **Power to award pensions, annuities, etc .**

The Board may exercise all the powers of the Company to give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company or its predecessors in business or of any company which is a subsidiary or subsidiary undertaking of or related to or associated with the Company or any such subsidiary or subsidiary undertaking and to the wives, widows, children and to the relatives and dependants of any such persons and to any person who is otherwise connected or related thereto and may establish, maintain, support, subscribe to and contribute to all kinds of Schemes, Trusts and Funds (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them, and so that any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such fund or scheme or otherwise).

134. **Power to purchase and maintain insurance**

- 134.1 Without prejudice to any other provisions of these Articles, the Directors may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or Auditors of the Company, or of any other body (whether or not incorporated) which is or was its parent undertaking or subsidiary undertaking or another subsidiary undertaking of any such parent undertaking (together “ **Group Companies** ”) or otherwise associated with the Company or any Group Company or in which the Company or any such Group Company has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, or who are or were at any time trustees of (or directors of trustees of) any pension, superannuation or similar fund, trust or scheme or any employees’ share scheme or other scheme or arrangement in which any employees of the Company or of any such other body are interested, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and discretions and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body, fund, trust, scheme or arrangement.

THE SEAL

135. **Use of seal**

- 135.1 Neither the Seal nor any official seal kept under Section 40 of the Companies Act 1985 shall be affixed to any instrument except in the presence or by the authority of at least two Directors or at least one Director and the Secretary and such Directors or Director and Secretary shall sign every instrument to which either is so affixed in their presence or by their authority except that all forms of certificate for shares stock or debentures or representing any other form of security may be issued and sealed by the Registrars of the Company if there shall be in force a resolution of the Board to this effect and all forms of certificates shall bear the autographic signatures of one or more Directors and the Secretary unless there shall be for the time being in force a resolution of the Board that the same need not be signed or countersigned by any person (in which event no signature or counter signature shall be required) and such signatures may if the Board so resolves be affixed by mechanical means.

- 135.2 Where the Statutes so permit, any instrument signed by one Director and the Secretary or by two Directors and expressed to be executed by the Company shall have the same effect as if executed under the Seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to be a deed without the authority of the Board or of a committee authorised by the Board in that behalf. The Board may by resolution determine that such signatures or either of them shall be affixed by some method or system of mechanical or electronic means.
- 135.3 The Board may obtain such number of devices for affixing the Seal or any official seal kept pursuant to Section 40 of the Companies Act 1985 to any instrument as they shall think necessary or expedient and may in particular deliver such a device to any Registrars of the Company whether in the United Kingdom or abroad, provided that the Board shall provide for the safe custody of the Seal and any official seal kept pursuant to section 40 of the Companies Act 1985 and shall take such steps as may appear necessary to prevent any unauthorised use of any such device.

DIVIDENDS

136. **Declarations of dividends by Company**

The Company in general meeting may from time to time declare dividends to be paid to the Members according to their rights and interests in the profits, but no dividend shall be declared in excess of the amount recommended by the Board and no dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

137. **Calculation and currency of dividends**

- 137.1 Subject to the rights of persons if any, entitled to shares with any priority, preference or special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if a share be issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
- 137.2 Unless the rights attached to any shares, or the terms of any shares, or the Articles provide otherwise, a dividend can be paid to a Member in whatever currency the Board decides, using an appropriate exchange rate selected by the Board for any currency conversions that are required.

138. **Payment of interim and fixed dividends by the Board**

The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company; the Board may also pay the fixed dividend payable on any shares of the Company half-yearly or otherwise on fixed dates, whenever such profits, in the opinion of the Board, justify that course. Provided the Directors act in good faith they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment, on any other class of shares having rights ranking after or *pari passu* with those shares, of any such fixed or interim dividend as aforesaid.

139. **Deductions of amounts due on shares and waiver of dividends**

The Board may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

140. **Interest**

No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Statutes which apply to the Company.

141. **Forfeiture of dividends**

All dividends, interest and other sums unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. All dividends, interest and other sums unclaimed for a period of twelve years after having been declared shall be forfeited and shall revert to the Company. The payment of any unclaimed dividend, interest or other moneys payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

142. **Payment procedure**

142.1 Every dividend shall be paid (subject to the Company's lien) to those Members who shall be on the Register at the date fixed by the Directors for the purpose of determining the persons entitled to such dividend (whether the date of payment or some other date) notwithstanding any subsequent transfer or transmission of shares.

142.2 Any dividend, interest or other sum payable in cash (whether in pounds sterling or any other currency) to the holder of shares may be paid by direct debit, bank transfer, (subject always, in the case of uncertificated shares, to the facilities and requirements of the relevant system concerned, where payment is to be made by means of such system), cheque, warrant or money order and the same may be remitted by post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first on the Register in respect of the shares, or to such person and such address as the holder or joint holders may in writing direct, and the Company shall not be responsible for any loss of any such cheque, warrant or order. Every such cheque, order or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the registered holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares and the payment of such cheque, warrant or order shall be a good discharge to the Company. Any one or two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by such joint holders. If on two consecutive occasions cheques, warrants or orders in payment of dividends or moneys payable in respect of any share have been sent through the post in accordance with the provisions of this Article but have been returned, undelivered or left uncashed during the periods which the same are valid, the Company need not thereafter dispatch further cheques or warrants in payment of dividends or other moneys payable in respect of the share in question until the Member or other person entitled thereto shall have communicated with the Company or has supplied in writing to the Office an address for the purpose.

143. **Dividends other than in cash**

Any general meeting declaring a dividend may, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may issue fractional certificates and fix the value for distribution of any such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution and may vest any such specific assets in trustees upon trust for the persons entitled to the dividend as may seem expedient to the Board.

144. **Establishment of reserve**

The Board may before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may divide the reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have divided as they think fit. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to divide.

145. **Waiver of dividend**

The waiver in whole or in part of any dividend on any share shall be effective only if such waiver is in writing (whether or not executed as a deed) signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder or otherwise by operation of law) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

CAPITALISATION OF PROFITS

146. **Power to capitalise**

Subject to the provisions of Article 147, the Board may capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including any share premium account and capital redemption reserve) or to the credit of the profit and loss account (in each case, whether or not such amounts are available for distribution), and appropriate the sum resolved to be capitalised either:

- 146.1 to the holders of shares on the Register at the close of business on such date as may be specified in the resolution of the general meeting granting authority for such capitalisation who would have been entitled thereto if distributed by way of dividend and in the same proportions; or
- 146.2 to such number of the holders of shares who may, in relation to any dividend or dividends, validly accept (whether before or after the date of adoption or alteration of this Article) an

offer or offers on such terms and conditions as the Board may determine (and subject to such exclusions or other arrangements as the Board may consider necessary or expedient to deal with legal or practical problems in respect of overseas shareholders or in respect of shares held by a depositary or its nominee) to receive new shares, credited as fully paid, in lieu of the whole or any part of any such dividend or dividends (any such offer being called a "Scrip Dividend Offer");

and the Board shall apply such sum on their behalf either in or towards paying up any amounts, if any, for the time being unpaid on any shares held by such holders respectively or in paying up in full at par unissued shares or debentures of the Company to be allotted credited as fully paid up to such holders (where Article 146.1 applies, in the proportion aforesaid), or partly in the one way and partly in the other.

147. Authority required

147.1 The authority of the Company in general meeting shall be required for the Board to implement any Scrip Dividend Offer (which authority may extend to one or more offers) and may be given at any time, whether before or after the making or any acceptance of the Scrip Dividend Offer.

147.2 The authority of the Company in general meeting shall be required for any capitalisation pursuant to Article 146.1 above.

147.3 A share premium account and a capital redemption reserve and any other amounts which are not available for distribution (and, in the case of a Scrip Dividend Offer, any other reserve and the profit and loss account) may, for the purposes of Article 146, only be applied in the paying up of unissued shares to be allotted to holders of shares of the Company credited as fully paid (and, in the case of any Scrip Dividend Offer, such shares shall be allotted in accordance with the terms of such Offer).

148. Provision for fractions etc .

Whenever a capitalisation requires to be effected, the Board may do all acts and things which they may consider necessary or expedient to give effect thereto, with full power to the Board to make such provision as they think fit for the case of shares or debentures becoming distributable in fractions (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned) and also to authorise any person to enter on behalf of all Members concerned into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

ACCOUNTS

149. Accounting records to be kept

The Board shall cause accounting records to be kept in accordance with the Statutes.

150. **Location of accounting records**

The accounting records shall be kept at the Office or, subject to the Statutes, at such other place or places as the Board may think fit and shall always be open to the inspection of the Directors and other officers of the Company. No Members (other than a Director or other officer) shall have any right of inspecting any account or book or document of the Company except as conferred by law or ordered by a court of competent jurisdiction authorised by the Board.

151. **Power to extend inspection to Members**

The Board shall from time to time, in accordance with the Statutes, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in the Statutes.

152. **Inspection of accounting records**

A printed copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting and of the Directors' and Auditors' reports shall (in accordance with and subject as provided by the Statutes) not less than twenty-one days before the date of the meeting be sent to every Member (whether or not he is entitled to receive notices of general meetings of the Company) and to every holder of debentures of the Company (whether or not he is so entitled) and to every other person who is entitled to receive notices of general meetings of the Company under these Articles or the Statutes, provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures and provided further that a summary financial statement may be sent to Members instead of such balance sheet, profit and loss account, annexures and reports insofar as permitted under the Statutes. To the extent permitted by the Statutes and agreed by the Member, the documents referred to in this Article may be sent by Electronic Communication.

AUDIT

153. **Appointment of Auditors**

Auditors shall be appointed and their duties regulated in accordance with the Statutes. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

NOTICES

154. **Service of notice**

Any notice or other document may be served by the Company on any Member either personally or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register or at any other address in the United Kingdom which the Member shall have given in writing to the Company as his address for service or by giving it using Electronic Communications to an address for the time being notified for that purpose to the Company by the Member in a manner specified by the Board

or as otherwise permitted by the Statutes. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register, and notice so given shall be sufficient notice to all the joint holders.

155. **Members resident abroad**

Any Member described in the Register by an address not within the United Kingdom who shall, from time to time, give to the Company an address within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at such address, but save as aforesaid no Member other than a Member described in the Register by an address within the United Kingdom shall be entitled to receive any notice from the Company even if he has supplied an address for the purposes of receiving Electronic Communications.

156. **Curtailement of postal service**

If at any time by reason of the suspension or any curtailment of postal services in the United Kingdom or of Electronic Communications Systems the Company is unable effectively to convene a general meeting by notices sent through the post or (in the case of those Members in respect of whom an address has for the time being been notified to the Company, in the manner specified by the Board, for the purpose of giving notices by Electronic Communication) by Electronic Communication, a general meeting may be convened by a notice advertised on the same date in at least two daily newspapers with appropriate circulation and such notice shall be deemed to have been duly served on all Members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post or (as the case may be) using Electronic Communication if at least seven days prior to the date of the meeting the posting of notices to addresses throughout the United Kingdom or (as the case may be) the sending of notices by Electronic Communication again becomes practicable.

157. **Notice deemed served**

Service of the notice (or other document) shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice (or other document), and to have been effected at the latest within twenty-four hours if prepaid as first-class and within seventy-two hours if prepaid as second-class after the letter containing the same is posted or, in the case of a notice (or other document) contained in an Electronic Communication, at the expiration of twenty-four—hours after the time it was sent; and in proving service of letters (or other document sent by post) it shall be sufficient to prove that the letter containing the same was properly addressed and stamped and put into a post office. Proof that a notice (or other document) contained in an Electronic Communication was sent in accordance with guidance from time to time issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.

158. **Service of notice on persons entitled by transmission**

A notice (or other document) may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it by Electronic Communication or through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased or trustee of the bankrupt, or by any like description,

at the address, if any, within the United Kingdom or address used for the purpose of Electronic Communication supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice (or other document) in any manner including by way of Electronic Communication in which the same might have been given if the death or bankruptcy had not occurred.

159. Persons entitled to receive notice

Subject to such restrictions affecting the right to receive notice as are for the time being applicable to the holders of any class of shares, notice of every general meeting shall be given in any manner hereinbefore authorised to:

- 159.1 every Member except those Members who (having no registered address within the United Kingdom) have not supplied to the Company an address within the United Kingdom for the giving of notices to them;
 - 159.2 the Auditor for the time being of the Company;
 - 159.3 the Directors and (if any) alternate Directors.
- No other person shall be entitled to receive notices of general meetings.

ELECTRONIC COMMUNICATION

160. Electronic Communication

Notwithstanding anything in these Articles to the contrary, but subject to the Statutes;

- 160.1 any notice or other document to be given or sent to any person by the Company is also to be treated as given or sent where:
 - (a) the Company and that person have agreed that any notice or other document required to be given or sent to that person may instead be accessed by him on a web site;
 - (b) the meeting (in the case of a notice of meeting) or other document (in any other case) is one to which that agreement applies;
 - (c) that person is notified, in a manner for the time being agreed between him and the Company, of the publication of the notice or (as the case may be) other document on a web site, the address of that web site and the place on that web site where the notice or (as the case may be) other document may be accessed and how it may be accessed;
 - (d) in the case of a notice of meeting, such notice of meeting is published in accordance with Article 160.2 below and the notification referred to in (c) above states that it concerns a notice of a company meeting served in accordance with the Companies Act 1985; specifies the place, date and time of the meeting; and states whether the meeting is to be an annual or extraordinary general meeting; and
 - (e) in the case of a document referred to in section 238 of the Companies Act 1985, and in the case of a document comprising a summary financial statement referred to in

section 251 of the Companies Act 1985, such document is published in accordance with Article 160.2 below;

and in the case of a notice of meeting or other document so treated, such notice or other document is to be treated as so given or sent, as the case may be, at the time of the notification mentioned in (c) above; and

160.2 where a notice of meeting or other document is required by Article 160.1(d) or (e) above to be published in accordance with this Article 160.2, it shall be treated as so published only if:

- (a) in the case of a notice of meeting, the notice is published on the web site throughout the period beginning with the giving of the notification referred to in Article 160.1(c) above and ending with the conclusion of the relevant meeting; and
 - (b) in the case of a document referred to in Article 160.1(e) above, the document is published on the web site throughout the period beginning at least twenty-one days before the date of the relevant meeting and ending with the conclusion of the meeting and the notification referred to in Article 160.1(c) above is given not less than twenty-one days before the date of the meeting;
- but so that nothing in this Article 160.2 shall invalidate the proceedings of the meeting where the notice or other document is published for a part, but not all, of the period mentioned in (a) or, as the case may be (b) of this Article 160.2 and the failure to publish the notice or other document throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

161. **Signature of documents**

161.1 Where under these Articles a document requires to be signed by a Member or other person then, if in the form of an Electronic Communication, it must to be valid incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that Member or other person, in such form as the Board may approve, or be accompanied by such other evidence as the Board may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.

161.2 The Board may from time to time make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the giving of notices or other documents by Electronic Communication by or to the Company and otherwise for the purpose of implementing and/or supplementing the provisions of these Articles and the Statutes in relation to Electronic Communications; and such arrangements and regulations (as the case may be) shall have the same effect as if set out in this Article.

WINDING-UP

162. **Distribution of assets**

If the Company shall be wound up the Liquidator may, with the sanction of an extraordinary resolution of the contributories, divide among the contributories in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and for such purpose may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the contributories or different classes of contributories and, may with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

INDEMNITY

163. **Indemnity of Auditors**

Subject to the provisions of the Statutes but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities incurred by him in or about the execution of the duties of his office or otherwise in relation thereto, including a liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application in which relief is granted to him by the Court and the Company may purchase and maintain for any such Auditor insurance against any such costs, charges, expenses, losses or liabilities including any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

164. **Indemnity of Directors and Officers**

- 164.1 Subject to the provisions of, and so far as may be permitted by and consistent with, the Statutes, every Director and Officer of the Company shall be indemnified by the Company out of its own funds against (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than (i) any liability to the Company or any associated company (as defined in Section 309A(6) of the Act) and (ii) any liability of the kind referred to in Sections 309B(3) or (4) of the Act; and (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. Where such Director or Officer is indemnified against any liability in accordance with this paragraph 162.1, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.
- 164.2 Subject to the provisions of and so far as may be permitted by the Statutes, the Company (i) shall provide a Director or Officer with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions mentioned in Section 337A(2) of the Act and (ii) may do anything to enable a Director or Officer to avoid incurring such expenditure, but so that the terms set out in Section 337A(4) of the Act shall apply to any such provision of funds or other things done.

ORDINARY SHARE CERTIFICATE

XXXX(TRANSACTION DESCRIPTION)

CERTIFICATE No.
XXXXXX01

INVESTOR CODE
01234567890

REGISTRATION DATE
DD-MMM-YY05

COMPANY CODE CLASS
C187 01

AMOUNT IN FIGURES

AMVESCAP PLC
(Incorporated and Registered in England - No. 308572)

THIS IS TO CERTIFY THAT the undersigned holds the registered member(s) of Ordinary Shares of 10 US Dollar Cents each fully paid in AMVESCAP PLC, subject to the Memorandum and Articles of Association of the Company.

NAME(S) OF HOLDER(S)

XXXXXX(MAIN HOLDER NAME LINE 1)XXXX48
XXXXXX(MAIN HOLDER NAME LINE 2)XXXX49
XXXXXX(MAIN HOLDER NAME LINE 3)XXXX50
XXXXXX(MAIN HOLDER NAME LINE 4)XXXX51
XXXXXX(MAIN HOLDER NAME LINE 5)XXXX52

AMOUNT IN WORDS

*XXXXXXXX(AMOUNT IN WORDS 1)XXXXXX*55
*XXXXXXXX(AMOUNT IN WORDS 2)XXXXXX*56
*XXXXXXXX(AMOUNT IN WORDS 3)XXXXXX*57
*XXXXXXXX(AMOUNT IN WORDS 4)XXXXXX*58

JOINT HOLDERS

XXXXXXXX(JOINT NAMES LINE 1)XXXXX17
XXXXXXXX(JOINT NAMES LINE 2)XXXXX18
XXXXXXXX(JOINT NAMES LINE 3)XXXXX19
XXXXXXXX(JOINT NAMES LINE 4)XXXXX20
XXXXXXXX(JOINT NAMES LINE 5)XXXXX21

GIVEN under the Securities Seal of the Company

NOTE Any change in the ownership of the above (either in total or in part) will be registered only if both the transfer and this certificate are lodged with the Company's Registrar, Capital Registrars, The Registry, 34 Boulevard Royal, Luxembourg, L-1015, Luxembourg.

www.capitalregistrars.com

XXXXXXXXXXXX000004

THIS DOCUMENT IS VALUABLE AND SHOULD BE KEPT IN A SAFE PLACE.

C44,6650

PLEASE DO NOT DETACH THIS COUNTERFOIL UNLESS YOU WISH TO NOTIFY A CHANGE OF ADDRESS

INVESTOR CODE L/A CODE
01234567890 XXX03

Change of Address: Please use BLOCK CAPITALS / Mark ink

AMVESCAP PLC

ORDINARY SHARES OF 10 U.S. DOLLAR CENTS EACH FULLY PAID

XXXXXX(CERT DESPATCH NOTE 1)XXXX26
XXXXXX(CERT DESPATCH NOTE 2)XXXX27
XXXXXX(CERT DESPATCH NOTE 3)XXXX28
XXXXXX(CERT DESPATCH NOTE 4)XXXX29
XXXXXX(CERT DESPATCH NOTE 5)XXXX30
XXXXXX(CERT DESPATCH NOTE 6)XXXX31
XXXXXX(CERT DESPATCH NOTE 7)XXXX32
XXXXXX(CERT DESPATCH NOTE 8)XXXX33
XXXXXX(CERT DESPATCH NOTE 9)XXXX34

Registrar: Costa Registrars, The Registry, 34 Boulevard Royal, Luxembourg, L-1015, Luxembourg
www.capitalregistrars.com

Name _____
Address _____
Postcode _____
Date _____
Signed _____



Exhibit A to Deposit Agreement

**EFFECTIVE DECEMBER 8, 2005, THE
NOMINAL VALUE OF THE COMPANY'S ORDINARY SHARES
HAS CHANGED FROM 25 PENCE TO 10 U.S. CENTS**

No.

**AMERICAN DEPOSITARY SHARES
(Each American Depositary Share
represents two (2) deposited Shares)**

FORM OF FACE OF RECEIPT

**AMERICAN DEPOSITARY RECEIPT
evidencing
AMERICAN DEPOSITARY SHARES
representing
ORDINARY SHARES
of
AMVESCAP PLC**

(Incorporated under the laws of England and Wales)

THE RIGHTS OF HOLDERS OF RECEIPTS TO DIRECT THE VOTING OF, TO RECEIVE DIVIDENDS ON, AND TO TRANSFER SHARES MAY BE RESTRICTED AS DESCRIBED IN PARAGRAPH 7 BELOW.

THE BANK OF NEW YORK, as Depositary (the "Depositary") hereunder, hereby certifies that _____ is the owner of _____ American Depositary Shares, representing deposited Ordinary Shares, par value 25p each, including rights to receive such Ordinary Shares ("Shares"), of AMVESCAP PLC, a corporation organized under the laws of England and Wales (the "Company"). At the date hereof, each American Depositary Share represents two (2) Shares deposited under the Deposit Agreement (hereinafter defined) at the London office of The Bank of New York as Custodian (the "Custodian"). Capitalized terms used herein that are not defined herein shall have the meanings assigned to them in the Deposit Agreement.

(1) The Deposit Agreement.

This American Depositary Receipt is one of the receipts (the “Receipts”) executed and delivered pursuant to the amended and restated Deposit Agreement dated as of November 2, 1998, as further amended and restated as of November 8, 2000 (as amended from time to time, the “Deposit Agreement”) by and among the Company, the Depositary and all registered holders (“Holders”) from time to time of Receipts, each of whom by accepting a Receipt becomes a party thereto, bound by all applicable terms and provisions thereof and hereof. The Deposit Agreement sets forth the rights of Holders and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property and cash, collectively, the “Deposited Securities”). Copies of the Deposit Agreement and of the Company’s provisions of or governing Deposited Securities are on file at the Depositary’s Office, the office of the Custodian and at any other designated transfer office. The statements made on the face and the reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions thereof. The Depositary makes no representation or warranty as to the validity or worth of the Deposited Securities.

(2) Withdrawal of Deposited Securities.

Upon surrender of this Receipt and payment of the fee of the Depositary provided for in paragraph (8) of this Receipt at the Depositary’s Office or at such other offices as it may designate, subject to the Deposit Agreement and the provisions of or governing the Deposited Securities, the Holder hereof is entitled to the delivery without unreasonable delay at the office of the Custodian to such Holder or upon such Holder’s order of the Deposited Securities at the time represented by the American Depositary Shares evidenced by this Receipt. At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities at the Depositary’s Office or at such other place as may have been requested by the Holder. Delivery of Deposited Securities may be made by the delivery of certificates to the extent such Deposited Securities may be represented by certificates. Neither the Depositary nor the Custodian shall deliver Deposited Securities to any person except pursuant to this paragraph (2) or paragraphs (12), (15), (17), (19), (20) or (21). Notwithstanding any other provision of the Deposit Agreement or this Receipt, the Depositary may restrict the withdrawal of Deposited Securities only for the reasons set forth in General Instruction I.A.(1) to Form F-6 under the Securities Act of 1933.

(3) Transfers, Split-ups and Combinations.

Subject to paragraph (4), this Receipt is transferable on the register maintained by the Depositary by the Holder hereof in person or by duly authorized attorney, upon

surrender of this Receipt at any designated transfer office properly endorsed or accompanied by proper instruments of transfer and duly stamped as may be required by applicable law; provided that the Depositary may close the Receipt register at any time or from time to time when deemed expedient by it in connection with the performance of its duties under the Deposit Agreement or at the request of the Company. This Receipt may be split into other Receipts or may be combined with other Receipts into one Receipt, evidencing the same aggregate number of American Depositary Shares as those evidenced by the Receipt or Receipts surrendered.

(4) Certain Limitations.

Prior to the execution and delivery, registration, registration of transfer, split-up or combination of any Receipt, the delivery of any distribution in respect thereof, or, subject to the last sentence of paragraph (2), the withdrawal of any Deposited Securities, the Depositary, the Company or the Custodian may require: (a) payment of (i) any stock transfer or other tax or other governmental charge with respect thereto, (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon any applicable register and (iii) any applicable charges as provided in paragraph (8) of this Receipt; (b) the production of proof satisfactory to it of the identity and genuineness of any signature and of such other information (including without limitation information as to citizenship, residence, exchange control approval, or legal or beneficial ownership of any securities) as it may deem necessary or proper or as the Company may require; and (c) compliance with such regulations, if any, as the Depositary may establish consistent with the Deposit Agreement. The delivery of Receipts against deposits of Shares may be suspended, deposits of Shares may be refused, or the registration of transfer of Receipts, their split-up or combination or, subject to the last sentence of paragraph (2), the withdrawal of Deposited Securities may be suspended, generally or in particular instances, when the Receipt register or any register for Shares or other Deposited Securities is closed or when any such action is deemed necessary or advisable by the Depositary or the Company. Notwithstanding Section 2.03 of the Deposit Agreement, the Depositary may execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.02 of the Deposit Agreement (a "Pre-Release"). The Depositary may, pursuant to Section 2.05 of the Deposit Agreement, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom Receipts or Shares are to be delivered that such person, or its customer, owns the Shares or Receipts to be remitted, as the case may be, (b) at all times fully collateralized with cash or such other collateral as the Depositary deems appropriate, (c) terminable by, the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of American Depositary Shares which are outstanding at any

time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the Shares deposited under the Deposit Agreement; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may retain for its own account any compensation received by it in connection with the foregoing. The Depositary will not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the Securities Act of 1933 and not so registered; the Depositary may refuse to accept for such deposit any Shares identified by the Company in order to facilitate the Company's compliance with securities laws in the United States.

(5) Liability of Holder for Taxes.

If any tax or other governmental charge shall become payable by or on behalf of the Custodian or the Depositary with respect to this Receipt or any Deposited Securities represented by the American Depositary Shares evidenced by this Receipt, such tax or other governmental charge shall be payable by the Holder hereof, who shall pay the amount thereof to the Depositary. The Depositary may refuse to effect any registration of transfer of this Receipt or any split-up or combination hereof or any withdrawal of such Deposited Securities until such payment is made, and may withhold or deduct from any distributions on such Deposited Securities, or may sell for the account of the Holder hereof any part or all of such Deposited Securities (after attempting by reasonable means to notify the Holder hereof prior to such sale), and may apply such cash or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder hereof remaining liable for any deficiency.

(6) Warranties by Depositor.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate thereof are validly issued and outstanding, fully paid, nonassessable and free of pre-emptive rights, that the person making such deposit is duly authorized so to do and that no registration under the Securities Act of 1933 is required in connection with the public offer and sale of such Shares or of the American Depositary Shares representing such Shares. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

(7) Disclosure of Interests.

Notwithstanding any other provisions of the Deposit Agreement, and without prejudice to the disclosure obligations in respect of Shares contained in the Companies Act of 1985 of Great Britain, as amended or supplemented from time to time, or any successor thereto (the "Companies Act"), each Holder hereof (a) agrees to comply with requests from the Company, which are made under statutory provisions in the United Kingdom to provide information as to the capacity in which such Holder owns this Receipt and regarding the identity of any other person interested in the Receipt and the

nature of such interest and (b) may, pursuant to such statutory provisions and any provisions of the Articles of Association of the Company, forfeit the right to direct the voting of, the right to receive dividends on, and be prohibited from transferring, Shares as to which compliance is not made, all as if this Receipt were to the extent practicable the Shares represented thereby.

In addition, and without prejudice to the disclosure obligations in respect of Shares contained in the Companies Act, any Holder of this Receipt who is or becomes directly or indirectly interested (within the meaning of the Companies Act) in the issued share capital of the Company equal to or in excess of the “notifiable percentage” (at the date hereof, three percent) referred to in the Companies Act, or is aware that another person for whom it holds such Receipt is so interested, shall within two days after becoming so interested or so aware, and thereafter upon certain changes in such interest, notify the Company as required by the Companies Act 1985.

(8) Charges of Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.03 of the Deposit Agreement), whichever applicable: (1) stock transfer or other taxes and other governmental charges, (2) cable, telex, facsimile transmission and delivery charges incurred at the request of any such party, (3) transfer or registration fees for the registration of transfers of deposited Shares and other Deposited Securities on any applicable register in the name of the Depositary or its nominee or the Custodian or its nominee in connection with the deposit of Shares or in the name of such person as a Holder may direct in connection with the withdrawal of Deposited Securities (that are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees payable by such persons or Holders in respect of the Shares as of the date hereof), (4) expenses of the Depositary in connection with the conversion of foreign currency into U.S. dollars and (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.03, 4.03 or 4.04 of the Deposit Agreement and the surrender of Receipts pursuant to Section 2.05 or 6.02 of the Deposit Agreement.

The Depositary, subject to Article 8 hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

(9) Title to Receipts.

Title to this Receipt (and to the Deposited Securities represented by the American Depositary Shares evidenced hereby), when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument; that the Depositary, notwithstanding any notice to the contrary,

may treat the person in whose name this Receipt is registered on the register maintained by the Depositary as the absolute owner hereof for the purpose of determining the person entitled to any distribution or notice and for all other purposes.

(10) Validity of Receipt.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose unless executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary.

(11) Available Information.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and accordingly files certain reports with the Commission. Such reports and other information may be inspected and copied at public reference facilities maintained by the Commission located at the date of the Deposit Agreement at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549.

Dated:

THE BANK OF NEW YORK,
as Depositary,

By: _____
Authorized Officer

The address of the Depositary's Office is 101 Barclay Street, New York, New York 10286, and its principal executive office is located at One Wall Street, New York, New York 10286.

SUMMARY OF CERTAIN ADDITIONAL PROVISIONS
OF THE DEPOSIT AGREEMENT

(12) Distributions Upon Deposited Securities.

Whenever the Depositary or the Custodian shall receive any cash dividend or other cash distribution upon any Deposited Securities, the Depositary shall, subject to the Deposit Agreement, distribute the amount thus received, by checks drawn on a bank in the United States, to the Holders on the record date set by the Depositary therefor of Receipts evidencing American Depositary Shares representing such Deposited Securities, in proportion to the number of American Depositary Shares representing such Deposited Securities held by each of them respectively; provided that the Depositary shall make appropriate adjustments in the amounts so distributed in respect of (a) any of Deposited Securities being not entitled, by reason of its date of issuance or otherwise, to receive all or any portion of such distribution or (b) any amounts (i) required to be withheld by the Company, the Custodian or the Depositary on account of taxes or (ii) charged by the Depositary in connection with the conversion of foreign currency into U.S. Dollars. Cash distributions and cash proceeds from sales of non-cash distributions in foreign currency will be converted by sale or such other manner as the Depositary may determine into U.S. Dollars (net of the Depositary's charges and expenses in effecting such conversion) before distribution to Holders. If in the judgment of the Depositary amounts received in foreign currency may not be converted on a reasonable basis into U.S. Dollars transferable to the United States, or may not be so convertible for all of the Holders entitled thereto, the Depositary may in its discretion make such conversion and distribution in U.S. Dollars to the extent reasonable and permissible to the Holders entitled thereto and may distribute the balance in foreign currency to the Holders entitled thereto or hold such balance or all such foreign currency for the Holders entitled thereto (without liability for interest thereon). If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Depositary may or shall if the Company shall so request, subject to the Deposit Agreement, distribute to the Holders on a record date set by the Depositary therefor of Receipts evidencing American Depositary Shares representing such Deposited Securities, in proportion to the number of American Depositary Shares representing such Deposited Securities held by each of them respectively, additional Receipts for an aggregate number of Depositary Shares representing the number of Shares received as such dividend or free distribution. In lieu of delivering Receipts for fractional American Depositary Shares in the case of any such distribution, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the net proceeds to the Holders entitled thereto as in the case of a distribution received in cash. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent its proportionate interest in the additional Shares so distributed upon such Deposited Securities. If the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to

subscribe for additional Shares or any rights of any nature, the Depositary shall have discretion as to whether and how such rights are to be made available to the Holders; provided that the Depositary will, if requested by the Company, either (y) make such rights available to Holders by means of warrants or otherwise, if lawful and feasible, or (z) if making such rights available is not lawful or not feasible, or if such rights or warrants are not exercised and appear to be about to lapse, sell such rights or warrants at public or private sale, at such place or places and upon such terms as the Depositary may deem proper, and allocate the proceeds of such sales for account of the Holders otherwise entitled thereto upon an averaged or other practicable basis without regard to any distinctions among such Holders because of exchange restrictions, or the date of delivery of any Receipt or Receipts, or otherwise, and distribute the net proceeds so allocated to the Holders entitled thereto as in the case of a distribution received in cash. The Depositary will distribute to Holders on the record date set by it therefor any distribution on Deposited Securities other than cash, Shares or rights in any manner that the Depositary deems equitable and practicable; provided if in the opinion of the Depositary any distribution other than cash, Shares or rights upon any Deposited Securities cannot be made proportionately among the Holders entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, and the net proceeds of any such sale will be distributed by the Depositary to the Holders entitled thereto as in the case of a distribution received in cash. The Depositary need not distribute securities, Receipts or rights unless the Company furnishes certain evidence or opinions in respect of United States securities laws (which the Company has no obligation to do).

(13) Record Dates.

Whenever any distribution is being made upon any Deposited Securities or any meeting of holders of Shares or other Deposited Securities is being held or whenever the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary will, after consultation with the Company, if practicable, fix a record date for the determination of the Holders who shall be entitled to receive such distribution or the net proceeds of the sale thereof, to give instructions for the exercise of voting rights at any such meeting, to receive such notice or solicitation or act in respect of such other matter, subject to the provisions of the Deposit Agreement.

(14) Voting of Deposited Securities.

As soon as practicable after receipt of notice of any meeting or solicitation of consents or proxies of holders of Shares or other Deposited Securities, at the request of the Company, the Depositary shall mail to Holders a notice containing (a) such information as is contained in such notice and in the solicitation materials, if any, (b) a

statement that each Holder at the close of business on a specified record date will be entitled, subject to the provisions of or governing Deposited Securities, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to Deposited Securities represented by the American Depositary Shares evidenced by such Holders' Receipts and (c) a statement as to the manner in which such instructions may be given, including an express indication that instructions may be given (or be deemed given in accordance with the last sentence of this paragraph if no instruction is received) to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of a Holder on such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable and permitted under the provisions of or governing Deposited Securities to vote or cause to be voted (or to grant a discretionary proxy to a person designated by the Company to vote) the Deposited Securities represented by the American Depositary Shares evidenced by such Holder's Receipts in accordance with any instructions set forth in such request. The Depositary will not itself exercise any voting discretion over any Deposited Securities. If no instructions are received by the Depositary from any Holder with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Holder's Receipts on or before the date established by the Depositary for such purpose, the Depositary will deem such Holder to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Securities and the Depositary will give a discretionary proxy to a person designated by the Company to vote such Deposited Securities, provided that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to so inform promptly in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) materially affects the rights of holders of Shares.

(15) Changes Affecting Deposited Securities.

Upon any change in par value, split-up, consolidation, cancellation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities that shall be received by the Depositary in exchange for, or in conversion, replacement or otherwise in respect of, Deposited Securities shall be treated as Deposited Securities under the Deposit Agreement; and, the Depositary may with the Company's approval, and shall if the Company shall so request, execute and deliver additional Receipts in respect of such securities as in the case of a dividend of Shares or call for the surrender of outstanding Receipts to be exchanged for new Receipts, reflecting such securities, and to the extent that such additional or new Receipts are not delivered this Receipt shall thenceforth evidence American Depositary Shares representing the right to receive the Deposited Securities including the securities so received.

(16) Reports; Inspection of Register.

The Depositary will make available for inspection by Holders at the Depositary's Office, at the office of the Custodian and at any other designated transfer offices any reports and communications received from the Company which are both (a) received by the Depositary, the Custodian or the nominee of either as the holder of the Deposited Securities and (b) made generally available to the holders of Deposited Securities by the Company. The Depositary will also mail or make available to Holders copies of such reports when furnished by the Company as provided in the Deposit Agreement. The Depositary will keep, at its transfer office in the Borough of Manhattan, The City of New York, a register for the registration of Receipts and their transfer that at all reasonable times will be open for inspection by the Holders and the Company; provided that such inspection shall not be for the purpose of communicating with Holders in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

(17) Withholding.

In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld by the Company and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld by the Company and owing to such authority or agency by the Depositary or the Custodian. If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto.

(18) Liability of the Company and the Depositary.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Holder or beneficial owner of any Receipt, if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any other governmental or regulatory authority, or by reason of any provision, present or future, of the [Corporate Document] of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from or be subject to any civil or criminal penalty on account of doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed; nor shall

the Depositary or the Company or any of their respective directors, employees, agents or affiliates incur any liability to any Holder or beneficial owner of a Receipt by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.01, 4.02 or 4.03 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.04 of the Deposit Agreement, such distribution or offering may not be made available to Holders of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Holders and make the net proceeds available to such Holders, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Holders or beneficial owners of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability shall be furnished as often as may be required, and the Custodian shall not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder or beneficial owner of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to, the reasonable expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, in accordance with the provisions of the Deposit Agreement and of the Receipts, as the same may be amended, modified, or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith

of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

(19) Resignation and Removal of Depositary.

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company or be removed by the Company by written notice of such removal delivered to the Depositary, such resignation or removal to take effect upon the appointment of and acceptance by a successor Depositary as provided in the Deposit Agreement. The Depositary may, upon written request or written approval of the Company, at any time appoint substitute or additional Custodians and the term “Custodian” refers to each Custodian or all Custodians as the context requires.

(20) Amendment of Deposit Agreement and Receipts.

The Receipts and the Deposit Agreement may be amended by agreement between the Company and the Depositary. Any amendment that shall impose or increase any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs, and expenses of the Depositary in connection with conversion of foreign currency into U.S. Dollars) or that shall otherwise prejudice any substantial existing right of Holders, shall not, however, become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the Holders. Every Holder at the expiration of such 30 days shall be deemed by holding such Receipt to consent and agree to such amendment and to be bound by the Deposit Agreement or the Receipt as amended thereby. In no event shall any amendment impair the right of the Holder hereof to surrender this Receipt and receive therefor the Deposited Securities represented hereby, except in order to comply with mandatory provisions of applicable law.

(21) Termination of Deposit Agreement.

The Depositary will at any time at the direction of the Company terminate the Deposit Agreement by mailing notice of such termination to the Holders at least 30 days prior to the date fixed in such notice for such termination. The Depositary may terminate the Deposit Agreement, upon the notice set forth in the preceding sentence, at any time after 90 days after the Depositary shall have resigned, provided that no successor Depositary shall within such 90 days have been appointed and accepted its appointment within such 90 days. After the date so fixed for termination, the Depositary will perform no further acts under the Deposit Agreement, except to advise Holders of such termination, receive and hold distributions on Deposited Securities (or sell property or rights or convert Deposited Securities into cash) and deliver Deposited Securities being withdrawn. As soon as practicable after the expiration of one year from the date so fixed for termination, the Depositary shall sell the Deposited Securities and shall thereafter (as

long as it may lawfully do so) hold the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, unsegregated and without liability for interest, for the pro rata benefit of the Holders of Receipts not theretofore surrendered.

(22) Submission to Jurisdiction; Waiver of Immunities.

In the Deposit Agreement, the Company has (i) appointed CT Corporation System, 1633 Broadway, New York, New York 10019, in the State of New York, as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consented and submitted to the jurisdiction of any state or federal court in the State of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding

(23) Compliance with U.S. Securities Laws

Notwithstanding anything in the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. Securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act of 1933.

MASTER EMPLOYMENT AGREEMENT

This Master Employment Agreement (this “Agreement”) is made and entered into this 28th day of July, 2005 by and between AMVESCAP PLC (hereinafter, the “Company”), and Mr. Martin L. Flanagan (hereinafter, “Executive”), to be effective as of the Effective Date, as defined in Section 1.

BACKGROUND

WHEREAS, the Company desires to hire Executive as President and Chief Executive Officer of the Company in accordance with the terms of this Agreement; and

WHEREAS, Executive is willing to serve in such capacity in accordance with the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date. The effective date of this Agreement (the “Effective Date”) will be as of July 12, 2005.

2. Employment. Executive is hereby employed on the Employment Date (as defined below) as the President and Chief Executive Officer of the Company. In his capacity as President and Chief Executive Officer of the Company, Executive shall have the responsibilities listed on the Terms of Reference (attached hereto as Appendix A) for such position as provided in the Company’s Corporate Governance Manual. Executive acknowledges that the Company may amend the Terms of Reference from time to time as the Board of Directors of the Company (the “Board”) deems necessary or desirable in order to comply with applicable law, regulation, order, or written guidance issued by a governing authority, securities exchange or similar organization. In his capacity as President and Chief Executive Officer of the Company, Executive will report directly to the Board. At the first meeting of the Board after the Effective Date, the Company will designate Executive as a “Global Partner” of the AMVESCAP Group, a designation which is used throughout the AMVESCAP Group to refer to the most senior group of officers and employees (“Global Partners”). Executive will execute a Global Partner Agreement in the form attached hereto as Appendix B (the “Global Partner Agreement”) concurrent with the execution of this Agreement. In the event of any inconsistency between this Agreement and the Global Partner Agreement during the Employment Period, the terms of this Agreement will govern.

3. Directorship. The Company will cause Executive to be appointed to the Board promptly following the Employment Date and shall nominate and recommend to the shareholders of the Company that Executive be elected to the Board at the Company’s annual meeting of shareholders next following the Employment Date.

4. Employment Period. Unless earlier terminated herein in accordance with Section 7 hereof, Executive’s employment hereunder shall be for a four-year term, commencing on

August 1, 2005 (the "Employment Date"), subject to Section 11 of this Agreement (the "Initial Employment Period"). Provided, however, that the term of employment shall be automatically extended beyond the Initial Term, subject to the same terms, conditions and limitations as provided herein, for an additional one year period on the fourth anniversary of the Employment Date and on each such anniversary date thereafter (each, an "Additional Term") unless, not later than 90 days prior to any such anniversary, either party to this Agreement shall have given written notice to the other that Executive's employment under this Agreement shall not be extended or further extended. The Initial Employment Period and the Additional Terms, if any, are hereinafter collectively referred to as the "Employment Period."

5. Extent of Service . During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote his business time, attention, skill and efforts exclusively to the faithful performance of his duties hereunder; provided, however, that it shall not be a violation of this Agreement for Executive to (i) devote reasonable periods of time to charitable and community activities and, with the approval of the Board, industry or professional activities, and/or (ii) manage personal business interests and investments, so long as such activities do not interfere with the performance of Executive's responsibilities under this Agreement or the Global Partner Agreement. It is expressly understood and agreed that the continued conduct by Executive of such activities, as listed on Appendix C , shall not thereafter be deemed to interfere with the performance of Executive's responsibilities hereunder.

6. Compensation and Benefits .

(a) Base Salary . During the Employment Period, the Company will pay to Executive base salary at the rate of U.S. \$790,000 per year ("Base Salary"), less normal withholdings, payable in equal monthly or more frequent installments as are customary under the Company's payroll practices from time to time.

(b) Compensation . During the Employment Period, Executive shall be eligible to participate in the Global Partner program. Without limiting the foregoing, the following shall apply:

(i) *Make-Whole Compensation* . Promptly following the Employment Date, Executive shall receive in one lump sum payment a make-whole of U.S. \$11,750,000 (the "Make-Whole Payment"), to compensate Executive for all compensation forfeited or foregone under and in connection with his prior employment. Notwithstanding the foregoing, if Executive voluntarily terminates his employment hereunder for other than Good Reason (as defined in Section 7(c) below) prior to the first anniversary of the Employment Date, then Executive shall repay the entire Make-Whole Payment to the Company within 30 days after Executive's Date of Termination (as defined in Section 7(e) below).

(ii) *Short-Term Compensation* . During the Employment Period, Executive will have the opportunity, based on the achievement of certain performance criteria, as mutually determined by the Remuneration Committee of the Company and Executive, to receive annual short-term compensation awards having a maximum value of U.S. \$4,750,000 per year (the "Reference Bonus") "appropriately pro-rated for any periods consisting of less than a full year.

awards: (iii) *Long-Term Compensation* . Executive will receive long-term compensation awards consisting of each of the following

(A) A grant of 2,500,000 restricted ordinary shares of the Company. Such restricted shares shall vest as to one-fourth (625,000 shares) of the underlying shares on each of the first four anniversaries after the grant date; provided that Executive remains an employee of the Company on such dates. Such restricted shares will be issued pursuant to, and shall be subject to the terms and conditions of, the AMVESCAP Global Stock Plan (the “Stock Plan”) in effect at the time of grant. If a Change in Control, as defined under the Stock Plan, shall have occurred while any such award remains outstanding and unvested, such award will vest in full.

(B) A grant of 2,500,000 restricted ordinary shares of the Company. Such restricted shares shall vest as to all or a portion of the shares awarded upon the attainment of cumulative earnings per share targets reflecting a compound growth rate of between 10% and 15% per annum during a three year period (using as a base earnings per share amount the average earnings per share for 2004 and 2005). Such restricted shares will be issued pursuant to, and shall be subject to the terms and conditions of, the Stock Plan in effect at the time of grant. If a Change in Control, as defined under the Stock Plan, shall have occurred while any such award remains outstanding and unvested, such award will vest in full.

(c) Benefits .

(i) Incentive, Savings and Retirement Plans . During the Employment Period, Executive shall be eligible to participate in all incentive, savings and retirement plans that are tax-qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and in all plans that are supplemental to any such tax-qualified plans, in each case to the extent that such plans are applicable generally to other Global Partners based in the United States (the “US Global Partners”) and subject to the terms and conditions thereof.

(ii) Executive Deferred Compensation . During the Employment Period, Executive will be eligible to participate in all aspects of the Company’s deferred compensation program, including the deferral of salary, bonuses and other incentives, as in effect at any time during the Employment Period, as provided generally to other US Global Partners, and subject to the terms and conditions thereof.

(iii) Welfare Benefit Plans . During the Employment Period, Executive and/or Executive’s spouse and dependant(s), as the case may be, shall be eligible for participation under all welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, vision, disability, salary

continuance, group life and supplemental group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other US Global Partners, and subject to the terms and conditions thereof.

(iv) Fringe Benefits and Perquisites . During the Employment Period, Executive shall be eligible to receive fringe benefits and perquisites provided generally to other US Global Partners.

(v) Vacation . During the Employment Period, Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company provided generally to other US Global Partners.

(vi) Relocation Expenses . The Company shall pay all of the following expenses reasonably incurred by Executive in connection with Executive's (and his family's) relocation of his principal residence from Hillsborough, California to Georgia: (a) moving, storage, shipping, packing and unpacking of Executive's (and his family's) household furnishings and belongings; (b) up to three house-hunting trips, if necessary, for Executive's spouse (and his children) to Georgia for the purpose of assisting Executive in locating and obtaining a new principle residence in Georgia; and (c) temporary housing expenses for Executive (but not beyond six months after the Employment Date) of up to a maximum of \$5,000 per month, including food, lodging and other incidental living expenses ("Relocation Expenses").

To the maximum extent possible, all Relocation Expenses shall be made by the Company directly to the persons or entities providing goods or services. Executive shall be required to obtain and submit to the Company receipts and/or other documentation, reasonably satisfactory to the Company, to evidence all relocation expenses.

(vii) Business Expenses . During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the policies, practices and procedures of the Company applicable generally to other US Global Partners.

7. Termination of Employment .

(a) Death or Disability . Executive's employment hereunder shall terminate automatically upon Executive's death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive's employment hereunder. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "Disability" shall mean the inability of Executive, as determined by the Board in good faith, to perform the essential functions of his regular duties and responsibilities, with reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of one hundred eighty (180) days in any twelve-month period. At the request of

Executive or his personal representative, the Board's determination that the Disability of Executive has occurred shall be certified by two physicians mutually agreed upon by Executive or his personal representative, and the Company. In the event that such independent certification (if so requested by Executive) does not support the Board's determination that Executive is Disabled pursuant to the terms of this Agreement, Executive's termination shall be deemed a termination by the Company without Cause and not a termination by reason of his Disability.

(b) Termination by the Company. The Company may terminate Executive's employment hereunder during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Executive by the Remuneration Committee of the Board of Directors of the Company which specifically identifies the manner in which such Committee believes that Executive has not substantially performed Executive's duties, or

(ii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially injurious to the Company, including, without limitation, any conviction of, or plea of nolo contendere to, a crime that constitutes a felony, or

(iii) the willful and continued material violation of written Company policies or procedures by Executive, after a written demand for substantial compliance with such policies or procedures is delivered to Executive by the Remuneration Committee of the Board of Directors of the Company which specifically identifies the manner in which such Committee believes that Executive has not substantially complied with the same, or

(iv) Executive's bankruptcy or insolvency; or

(v) any act or omission by Executive which could lead to his being prohibited, pursuant to Section 9 of the Investment Company Act of 1940, from serving in the capacity provided for in this Agreement.

For purposes of this provision, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was legal, proper, and in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board of the Company at a meeting of such Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before such Board), finding that, in the good faith opinion of such Board, Executive is guilty of the conduct giving rise to Cause as defined above, and specifying the particulars thereof in detail.

(c) Termination by Executive. Executive's employment may be terminated by Executive for Good Reason or no reason; provided however, that, notwithstanding any other provision contained herein to the contrary, if Executive terminates employment hereunder without Good Reason, Executive shall comply with the notice provisions set forth in Section 3.A. of the Global Partner Agreement. For purposes of this Agreement, "Good Reason" shall mean any of the following events occurring during the Employment Period:

(i) without the written consent of Executive, the assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the Employment Date, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by Executive;

(ii) a reduction by the Company in Executive's Base Salary, Short-Term Compensation, or Long-Term Compensation as in effect on the Employment Date or as the same may be increased from time to time;

(iii) the Company's requiring Executive, without his consent, to be based at any office or location other than in Atlanta, Houston, or New York City;

(iv) any failure by the Company to comply with and satisfy Section 13(c) of this Agreement; or

(v) the failure of the Company to appoint Executive to the Board of Directors of the Company within 60 days of his Employment Date.

Good Reason shall not include Executive's death or Disability. The Company shall have an opportunity to cure any claimed event of Good Reason within 30 days after written notice from Executive. The Company shall notify Executive of the timely cure of any claimed event of Good Reason and the manner in which such cure was effected. In the event of such cure any Notice of Termination delivered by Executive based on such claimed Good Reason shall be deemed withdrawn and shall not be effective to terminate the Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 15(e) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specifies the termination date. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(e) Date of Termination. “Date of Termination” means (i) if Executive’s employment is terminated other than by reason of death or Disability, the date of receipt of the Notice of Termination, or any later date specified therein, or (ii) if Executive’s employment is terminated by reason of death or Disability, the Date of Termination will be the date of death or the Disability Effective Date, as the case may be.

(f) Cooperation. For the period beginning on Executive’s Date of Termination and ending on the second anniversary thereof (the “Cooperation Period”), Executive agrees that he will cooperate with and provide assistance to the Company regarding any or all of the following, as long as said services to be rendered by Executive shall not materially impede his ability to meet any obligations or duties he may have with his then current employer or company: (i) the transition of ongoing matters relating to the business of the Company, as may be reasonably requested by the Company from time to time; (ii) any litigation or criminal, civil or administrative proceeding, whether currently pending or filed during the Cooperation Period, arising out of or relating to matters about which Executive has knowledge or in which Executive may be identified or called as a witness by any party; and (iii) such other services as the Company may reasonably request. Such cooperation and assistance includes, without limitation, attendance at meetings with Company representatives or the Company’s legal counsel (or both) upon reasonable notice and at mutually convenient times and places, provision of complete and truthful information in response to any inquiries of the Company and/or its counsel, full disclosure and production of all documents and things that may be relevant to any such matters (regardless of any express inquiry by the Company or its counsel), and attendance as a witness at depositions, trials or similar proceedings upon reasonable advance notice.

In consideration for Executive’s services during the Cooperation Period, the Company shall pay Executive at an hourly rate of compensation commensurate with his Base Salary as of his Date of Termination for any services performed by Executive on behalf of the Company in connection with this Section 7(f). In addition to and notwithstanding the foregoing, the Company will reimburse Executive for all out-of-pocket expenses reasonably incurred by Executive in the performance of his duties hereunder during the Cooperation Period.

Executive shall immediately notify the Company of any formal or informal inquiry or request for information directed to Executive by any third-party that in any way relates to Executive’s employment by the Company or any aspect of the Company’s business operation.

8. Obligations of the Company upon Termination.

(a) Termination by Executive for Good Reason; Termination by the Company Other Than for Cause or Disability. If, during the Employment Period, the Company shall terminate Executive’s employment other than for Cause or Disability, or Executive shall terminate employment for Good Reason within a period of 90 days after the occurrence of the event giving rise to Good Reason, then and, with respect to the payments and benefits described in clauses (ii), (iii), (iv) and (v) below, only if Executive executes, and does not revoke, a

General Release of all Claims in substantially the form used by the Company generally with respect to US Global Partners terminating employment under such conditions:

(i) the Company shall pay to Executive in a lump sum in cash within 30 days after the Date of Termination the sum of (1) Executive's Base Salary through the Date of Termination to the extent not theretofore paid, (2) any accrued vacation pay to the extent not theretofore paid, and (3) unless Executive has a later payout date required in connection with the terms of a deferral plan or agreement, any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the product of (x) three, and (y) the sum of (A) the Base Salary, and (B) the Reference Bonus; and

(iii) effective as of the Date of Termination, (1) immediate vesting and exercisability of, and termination of any restrictions on sale or transfer (other than any such restriction arising by operation of law) with respect to, each and every stock option, restricted share award, restricted share unit award and other equity-based award and performance award issued to Executive by the Company and outstanding as of the Date of Termination; and

(iv) continuation of medical benefits in effect as of the Date of Termination for Executive and his covered dependents for a period of 18 months following the date of termination at the Company's sole expense and for a period of eighteen (18) months after the expiration of such coverage period, Executive shall have the right to elect continuation of health care coverage under the Company's group health plan in accordance with "COBRA," and the Company shall reimburse Executive for all premiums for such COBRA coverage for Executive and his covered dependents. The obligation of the Company to pay the cost for such COBRA coverage shall terminate upon Executive's obtaining other employment if health care coverage is provided by the new employer; and

(v) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the product of (x) the Executive's Reference Bonus and (y) a fraction, the numerator of which is the number of days in the calendar year in which the Date of Termination occurs through the Date of Termination, and the denominator of which is 365 (the "Prorated Bonus"); and

(vi) to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other vested amounts or benefits required to be paid or provided or which Executive is entitled to receive under any plan, program, policy or practice of the Company that is applicable to Executive by its terms (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

Notwithstanding any provision to the contrary contained herein or otherwise, the Company's obligation to continue to provide any of the benefits described above shall immediately cease and shall be permanently forfeited, if it is determined by a Court of competent jurisdiction that Executive has breached any of the restrictive covenants contained in Sections 4, 5, 6, or 7 of the Global Partner Agreement.

(b) Death . If Executive's employment is terminated by reason of Executive's death during the Employment Period, the Company shall provide payment of Accrued Obligations, the Prorated Bonus and the timely payment or provision of Other Benefits. Accrued Obligations and the Prorated Bonus shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 business days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 8(b) shall include, without limitation, and Executive's estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death benefits, if any, as are applicable to Executive on the date of his death.

(c) Disability . If Executive's employment is terminated by reason of Executive's Disability during the Employment Period, the Company shall provide payment of Accrued Obligations, the Prorated Bonus and the timely payment or provision of Other Benefits. Accrued Obligations and the Prorated Bonus shall be paid to Executive in a lump sum in cash within 30 business days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 8(c) shall include, without limitation, and Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits under such plans, programs, practices and policies relating to disability, if any, as are applicable to Executive and his covered dependents on the Date of Termination.

(d) Cause or Voluntary Termination without Good Reason . If Executive's employment shall be terminated for Cause during the Employment Period, or if Executive voluntarily terminates employment during the Employment Period without Good Reason, Executive's employment under this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits.

(e) Indemnification . During the Employment Period, Executive will have the same director and officer liability insurance coverage as is provided generally to other US Global Partners and directors and shall be subject to the indemnity provisions of the Company's Articles of Association, which the Company intends to be the widest indemnity permitted under UK law.

9. Non-exclusivity of Rights . Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Company and for which Executive may qualify, except as specifically provided herein. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program, except as explicitly modified by this Agreement.

10. Certain Additional Payments by the Company .

Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise

Tax, then Executive shall be entitled to receive an additional payment (the “Gross-Up Payment”) in an amount such that, after payment by Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto), and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company’s obligation to make the Gross-Up Payment under this Section 10 shall not be conditioned upon Executive’s termination of employment.

Subject to the provisions of this Section 10, all determinations required to be made under this Section 10, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by such nationally recognized certified public accounting firm as may be designated by the Company (the “Accounting Firm”). The Accounting Firm shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the receipt of notice from Executive or the Company that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control or the Accounting Firm declines or is unable to serve, Executive may appoint another nationally recognized certified public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Accounting Firm shall furnish Executive with a written opinion (“Opinion”) that reporting an amount of Excise Tax or the failure to report the Excise Tax on Executive’s applicable federal income tax return would not result in the imposition of negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 10, shall be paid by the Company to Executive within five days of the receipt of the Accounting Firm’s determination. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to the provisions of this Section 10 and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive.

Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after Executive actually receives notice in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid; provided, however, that the failure of Executive to notify the Company of such claim (or to provide any required information with respect thereto) shall not affect any rights granted to Executive under this Section 10 except to the extent the Company is materially prejudiced in the defense of such claim as a direct result of such failure. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the

Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that the Company desires to contest such claim, Executive shall:

(a) give the Company any information reasonably requested by the Company relating to such claim;

(b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Company and reasonably acceptable to Executive;

(c) cooperate with the Company in good faith in order to effectively contest such claim; and

(d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax, employment tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 10, the Company shall control all proceedings taken in connection with such contest and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided, however*, that, if the Company directs Executive to pay such claim and sue for a refund, the Company shall provide the amount of such payment to Executive as an additional payment ("Supplemental Payment") (subject to possible repayment as provided in the next paragraph) and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax, employment tax or income tax (including interest or penalties with respect thereto) imposed with respect to such payment or with respect to any imputed income with respect thereto; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment or Supplemental Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

If, after the receipt by Executive of an amount provided by the Company pursuant to the foregoing provisions of this Section 10, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company complying with the requirements of this Section 10) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).

Notwithstanding any other provision of this Section 10, the Company may, in its sole discretion, withhold and paid to the Internal Revenue Service or any other applicable taxing authority, for the benefit of Executive, all or any portion of the Gross-Up Payment or Supplemental Payment, and Executive hereby consents to such withholding.

The following terms shall have the following meanings for purposes of this Section 10.

(i) “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) A “Payment” shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to this Agreement or otherwise.

11. Representations and Warranties. Executive hereby represents and warrants to the Company that Executive is not a party to, or otherwise subject to, any covenant not to compete, or covenant not to solicit customers or clients, with any person or entity, and Executive’s execution of this Agreement and performance of his obligations hereunder will not violate the terms or conditions of any contract or obligation, written or oral, between Executive and any other person or entity.

12. Restrictions on Conduct of Executive. The Company and Executive specifically acknowledge that Executive shall be required to comply with the provisions of Sections 4, 5, 6, and 7 of the Global Partner Agreement.

13. Assignment and Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

14. Full Settlement; Resolution of Disputes.

(a) The Company agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest by the Company, Executive or others as to the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any such payment pursuant to this Agreement), but only if Executive is the prevailing party on at least one material issue raised in the enforcement proceeding.

15. Miscellaneous.

(a) Waiver. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(b) Severability. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

(c) Entire Agreement. Except as provided herein, this Agreement and the Global Partner Agreement contain the entire agreement between the Company and Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement and the Global Partner Agreement shall supersede in their entirety any other agreement between the parties with respect to the subject matter hereof, including without limitation, the letter from Charles W. Brady to you dated as of June 18, 2005.

(d) Governing Law. Except to the extent preempted by federal law, and without regard to conflict of laws principles, the laws of the State of Georgia shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

(e) Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered or three days after mailing if mailed, first class, certified mail, postage prepaid:

To Company: AMVESCAP PLC
1315 Peachtree Street NE
Suite 500
Atlanta, GA 30309
Attention: Erick Holt, Esq.

with a copy to: Stephen W. Skonieczny, Esq.
Dechert LLP
30 Rockefeller Plaza
New York, New York 10112

To Executive: Mr. Martin L. Flanagan
650 Brewer Drive
Hillsborough, CA 94010

with a copy to: Adam D. Chinn, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

(f) Amendments and Modifications . This Agreement may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to this Agreement.

(g) Construction . Each party and his or its counsel have reviewed this Agreement and have been provided the opportunity to revise this Agreement and accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either party.

(h) Code Section 409A Compliance . To the extent necessary to comply with Code Section 409A and such regulations and provisions, any payments subject thereto shall commence six months after Executive's termination of employment.

(i) Incorporation of Certain Sections of the Global Partner Agreement . Sections 4, 5, 6, and 7 of the Global Partner Agreement are hereby incorporated by reference in their entirety into the Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Employment Agreement as of the date first above written.

AMVESCAP PLC

By: /s/ Charles W. Brady
Name: Charles W. Brady
Title: Chairman
Dated: July 28, 2005

EXECUTIVE:

/s/ Martin L. Flanagan
Martin L. Flanagan
Dated: July 28, 2005

APPENDIX A
Terms of Reference

Corporate Governance

Terms of Reference for the Chief Executive Officer

Authority and Reporting

1. The Chief Executive Officer (“CEO”) is generally responsible for managing the business of AMVESCAP PLC and its subsidiaries (collectively, the “Company”) and is accountable to and reports to the Board of Directors (the “Board”) of the Company with regard thereto.
2. The CEO has general supervision of the business of the Company and is responsible for all executive management matters affecting the Company. All members of executive management report, either directly or indirectly, to him.

Key Responsibilities

3. The CEO is responsible for conducting the affairs of the Company with the highest standards of integrity and probity and in compliance with all applicable laws, principles and rules of corporate governance, including the Company’s Articles of Association, its Corporate Governance Manual and the resolutions of the Board, as the same shall be in effect from time to time.
4. The CEO is responsible for proposing and developing the Company’s strategy and overall commercial objectives, which he does in close consultation with the Executive Management Committee, the Chairman of the Board of Directors (the “Chairman”) and the Board.
5. The CEO is responsible for ensuring that the Company has in place all necessary financial, operational and compliance controls and risk management systems.
6. The CEO is responsible - with the senior management team including the Executive Management Committee - for implementing the decisions of the Board and its committees.

Additional Responsibilities

Further, the CEO is responsible for:

7. Providing input to the Board’s agenda from himself and other members of senior management;
8. Ensuring that he communicates with the Chairman on the important and strategic issues facing the Company, and proposing Board agendas to the Chairman which reflect these;
9. Ensuring that the senior management team gives appropriate priority to providing reports to him and, where required, the Board which contain accurate, timely and clear information;
10. Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, that he and the other members of senior management comply with the Board’s approved procedures, including the schedule of Matters Reserved to the Board for its decision and the provisions of each Board committee’s respective Terms of Reference;
11. Providing information and advice on succession planning to the Chairman, the Nomination and Corporate Governance Committee and other members of the Board, in respect of executive directors and other members of senior management;
12. Leading the communication programme with shareholders;
13. Ensuring that the development needs of the executive directors and other members of senior management reporting to him are identified and met;

-
14. Ensuring that performance reviews for each of the executive directors and other members of senior management are carried out at least once a year and providing input to the wider Board evaluation process; and
 15. Performing such other duties and exercising such other powers as from time to time may be assigned to him by the Board.

APPENDIX B
Global Partner Agreement

Global Partner Agreement

Mr. Martin L. Flanagan
650 Brewer Drive
Hillsborough, CA 94010

Dear Marty:

AMVESCAP plc (the “Company”), wishes to employ you as a Global Partner under the terms and conditions set forth in this letter. The term “Global Partner” is used throughout the AMVESCAP Group to refer to the most senior group of officers and employees. The purpose of this letter is to articulate the terms and conditions of your employment as a Global Partner.

It is important to note at the outset that the Company considers you an important part of its continued success. Further, please note that under the terms of this letter agreement, which is a binding contract, neither the Company nor you have any right to terminate the Global Partner employment relationship except as set forth below.

Also, in the event of any inconsistency between this Agreement and the Employment Agreement with the Company dated as of July 28, 2005 (the “Employment Agreement”) during the “Employment Period,” as such term is defined in the Employment Agreement, the terms of the Employment Agreement will govern.

1. Duties Of Employment

You agree to perform the duties assigned to you by the Company as President and Chief Executive Officer. You understand and agree that during your employment relationship with the Company, you are not allowed, without proper prior approval, to perform any business activities for any person or entity other than the Company or another company that is part of the AMVESCAP Group. Of course, if you obtain the Company’s prior written approval, you may perform other business activities.

It is your obligation to comply with all Company policies and procedures, including those set forth in any Code of Ethics and other materials distributed by the Company to its employees. Further, you agree to comply with all applicable rules and regulations that pertain to the Company’s business.

As a Global Partner you have important duties to the Company: the duty to refrain from dealing in your self interest above that of the Company’s, the duty to disclose any information that indicates that you may be exposed to a conflict of interests, the duty of loyalty, and the duty to refrain from using the Company’s business opportunities for your own benefit. These fiduciary obligations and others arise because of the unique trust and confidence the Company places in you as a Global Partner.

2. Compensation

Your annual salary will be determined by the Remuneration Committee of the AMVESCAP Board. You will also be eligible to receive certain bonuses, options and stock awards as approved from time to time by the Board.

3. Term

The term of your Global Partner employment relationship with the Company hereunder shall be for one year from the date of your signature on this letter. This term will automatically renew at the end of the initial term for another year and will continue to renew every year, unless your employment is terminated in a manner specified below. In no event will the term of your employment relationship with the Company hereunder be less than the unexpired period of any notice of intent to terminate given as set forth below. Your employment hereunder can only be terminated as specifically set forth below.

A. Termination Effective After Expiration of Notice Period

Subject to earlier termination under Section 3.B, 3.C or 3.D below, either you or the Company may terminate the employment relationship at any time during the initial term or any renewal, upon 6 months written notice to the other party. Whether you or the Company give the notice of termination, your employment will continue for the entire notice period. The effective date of the termination of the employment relationship will be the last day of the notice period.

B. Termination by Mutual Agreement

You and the Company can, effective immediately, terminate the employment relationship without cause or notice, but such a mutual termination will only be effective if you and the Company both agree to the termination in writing. Such an agreement must be signed by a duly authorized member of the Remuneration Committee of the Company to be effective.

C. Termination with Cause

Your employment shall be terminated for Cause effective immediately upon written notice if the Company has terminated your employment for “Cause” under your Employment Agreement, as that term is defined under the Employment Agreement.

You may terminate your employment effective immediately if the Company, after written notice, has engaged in any continuing violation of this letter agreement and has not cured such violation within a reasonable period of time.

D. Termination Due to Death or Disability

In the event of your death, or disability to the extent that you cannot perform the essential functions of your position with reasonable accommodation, your employment will be terminated effective on the last day of the month that such death or disability occurs. We mutually recognize that the Company has a disability plan that is separate from this letter agreement.

4. Confidential Information

A critical aspect of your position is your access to trade secret, proprietary, and confidential information. For example, your knowledge of the exact amounts and holdings of Company-related investment positions is confidential. While some of that information may eventually be made public, the information is extremely sensitive and is to be treated as confidential until it is released. Likewise, computer models and programs developed by the Company or purchased by it are proprietary and confidential. Other information the Company possesses as trade secrets or confidential information include (without limitation) its marketing strategies, marketing plans, compensation arrangements, benefit plans, and ideas and inventions of its employees.

These are simply examples of the types of information the Company considers trade secret and/or confidential. As time passes, the Company will no doubt develop new categories of information it considers trade secrets and/or confidential. As this occurs, the Company will identify such new categories of information and remind you of your obligation to treat it as confidential. The importance of all of the types of information identified here is that the Company's competitors do not have permitted access to this information and are thus unable to use it to compete with the Company. Accordingly, these types of information create a competitive advantage for the Company and are economically valuable. Thus, you agree not to disclose or use any of the Company's trade secret and/or confidential information for your own benefit or the benefit of anyone other than the Company, during your employment and after the effective date of the termination of your employment relationship with the Company.

5. Company Employees And Customers

You agree that, in the event of the termination of the employment relationship between you and the Company, you will not solicit or hire any Company employees for a period of six (6) months after the effective date of the termination of your employment relationship with the Company. Further, you agree that you will not solicit the business relationships you developed or acquired while working for the Company or another company affiliated with the AMVESCAP Group for a period of six (6) months after the effective date of the termination of your employment.

6. Inventions And Ideas

Since the Company is paying you for your time and efforts, you agree that all information, ideas, and inventions you develop while employed by the Company related in any way to the Company's business, are the sole property of the Company. This includes all investment models, processes, and methodologies you develop while employed by the Company.

Indeed, one of the reasons for your employment is the creation of such ideas. This information is confidential and trade secret information as discussed above. You understand that the Company may seek to patent or to obtain trademark or copyright protection related to such information, ideas, and inventions, and that, if necessary, you will assign any interest you may have in such information, ideas, and inventions you develop to the Company.

7. Return of Company Property

Upon the termination of your employment, you agree to return all property of the Company. To the extent such property is information of which you have detailed knowledge but no electronic or other documents containing such information, you agree to itemize such information in writing for the Company prior to the effective date of the termination of your employment.

8. Assignment

You agree that this letter agreement may be assigned to any other entities in the AMVESCAP Group, and/or to any successor company by acquisition of either the Company's stock or its assets. In the case of such an assignment by the Company, you understand and agree that you would continue to be bound by this letter agreement.

9. Choice of Law and Forum

We agree that, in the event of a disagreement between you and the Company about any aspect of your employment with the Company or this letter agreement, Georgia law will govern any litigation or proceeding brought by either party. You also agree that any litigation or proceeding shall be brought in Fulton County, Georgia, in either state or federal court, as appropriate.

10. Notice

We agree that any notice that is to be given under this letter agreement is properly given when delivered in person, by certified mail (return receipt requested), or by over night delivery such as Federal Express.

11. Entire Agreement

Except as provided herein, this Agreement and the Employment Agreement contain the entire agreement between you and the Company with respect to the subject matter hereof and, from and after the date hereof, this Agreement and the Employment Agreement shall supersede in their entirety any other agreement between the parties with respect to the subject matter hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

AMVESCAP PLC

By: /s/ Charles W. Brady
Charles W. Brady

Dated: July 28, 2005

Martin L. Flanagan

/s/ Martin L. Flanagan
Martin L. Flanagan
Global Partner

Dated: July 28, 2005

APPENDIX C

Current Approved Activities

July 22, 2005

- I. ICI – Board of Governors; Executive Committee and Chairman
- II. SMU – Cox School of Business; Executive Board
- III. Sacred Heart Schools – Member, Board of Trustees and Investment Committee (*)
- IV. San Francisco Opera; Member of Board and of Investment Committee (*)
- V. Marketron, Inc. (Private Company), Member of the Board (*)

(*) Will resign

CERTIFICATION

I, Martin L. Flanagan, the Chief Executive Officer of AMVESCAP PLC, certify that:

1. I have reviewed this annual report on Form 20-F of AMVESCAP PLC;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this annual report;
4. The company'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)) for the company 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 company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b. evaluated the effectiveness of the company's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - c. disclosed in this annual report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: June 23, 2006

/s/ Martin L. Flanagan

Martin L. Flanagan
Chief Executive Officer

CERTIFICATION

I, Loren M. Starr, the Chief Financial Officer of AMVESCAP PLC, certify that:

1. I have reviewed this annual report on Form 20-F of AMVESCAP PLC;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this annual report;
4. The company'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)) for the company 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 company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b. evaluated the effectiveness of the company's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - c. disclosed in this annual report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: June 23, 2006

/s/ Loren M. Starr

Loren M. Starr
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 the Annual Report of AMVESCAP PLC (the "Company") on Form 20-F for the period ended December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin L. Flanagan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

A signed original of this written statement required by Rule 13a-14(b) under the Securities Exchange Act of 1934 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: June 23, 2006

/s/ Martin L. Flanagan

Martin L. Flanagan
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 the Annual Report of AMVESCAP PLC (the "Company") on Form 20-F for the period ended December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Loren M. Starr, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

A signed original of this written statement required by Rule 13a-14(b) under the Securities Exchange Act of 1934 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: June 23, 2006

/s/ Loren M. Starr

Loren M. Starr
Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-103609) pertaining to the AMVESCAP Executive Share Option Scheme, in the Registration Statement (Form S-8 No. 333-98037) pertaining to the AMVESCAP Sharesave Plan, in the Registration Statement (Form S-8 No. 333-11596) pertaining to the AMVESCAP Sharesave Plan, in the Registration Statement (Form S-8 No. 333-11428) pertaining to the AMVESCAP 401(k) Plan, in the Registration Statement (Form S-8 No. 333-10602) pertaining to the AMVESCAP Global Stock Plan, the Executive Share Option Scheme, the AIM Option Plans and the AMVESCAP Sharesave Plan, and in the Registration Statement (Form S-8 No. 333-8962) pertaining to the AMVESCAP Global Stock Plan, Executive Share Option Scheme and the AIM Option Plans, of our report dated March 3, 2006, with respect to the consolidated financial statements of AMVESCAP PLC included in the Annual Report (Form 20-F) for the year ended December 31, 2005.

/s/ Ernst & Young LLP

London, England
June 21, 2006