| Invesco Ltd. | |
|-------------------|----------------------------------|
| Form DEFA14A | |
| April 08, 2009 | |
| UNITED STATES SEC | CURITIES AND EXCHANGE COMMISSION |

WASHINGTON, D.C. 20549

SCHEDULE 14A

x No fee required.

| Proxy Statement Pursuant to Section 14(a) of the Securities |
|---|
| Exchange Act of 1934 |
| Filed by the Registrant x |
| Filed by a Party other than the Registrant O |
| Check the appropriate box: |
| O Preliminary proxy statement O Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) O Definitive Proxy Statement X Definitive Additional Materials O Soliciting Material Pursuant to § 240.14a-12 |
| Invesco Ltd. |
| (Name of Registrant as Specified in Its Charter) |
| |
| (Name of Person(s) Filing Proxy Statement, if Other Than Registrant) |
| Payment of Filing Fee (Check the appropriate box): |

| 0 | Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11. |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (Set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
| o | Fee paid previously with preliminary materials. |
| o | Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing. |
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |

| SUMMARIZED CONSOLIDATED |
|--|
| FINANCIAL STATEMENTS |
| OF |
| INVESCO LTD. |
| In accordance with Bermuda law, attached are summarized consolidated financial statements of Invesco Ltd., which include the consolidated balance sheets of Invesco Ltd. at December 31, 2008 and 2007 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2008, and the auditor's report thereon. The attached summarized consolidated financial statements do not contain sufficient information to allow as full an understanding of the financial position, results of operations or changes in financial position or cash flows of Invesco Ltd. as would be provided by Invesco Ltd.'s complete consolidated financial statements for such periods. In the event you would prefer to receive a copy of these complete consolidated financial statements, of which the information contained herein is a summary, and/or those for subsequent periods, you should submit your request to Invesco Ltd.'s Secretary at <i>company.secretary@invesco.com</i> or by writing Invesco Ltd., Attn: Office of the Secretary, 1555 Peachtree Street N.E., Atlanta, Georgia 30309. |
| REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS |
| The Board of Directors and Shareholders of Invesco Ltd. |
| We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Invesco Ltd. at December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008 (not presented separately herein) and in our report dated February 25, 2009, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements (presented on pages 2 through 5) is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived. |
| We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Invesco Ltd.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2009 (not presented separately herein) expressed an unqualified opinion thereon. |
| Ernst & Young LLP |
| Atlanta, GA |
| February 25, 2009 |

Condensed Consolidated Balance Sheets

| | As of | | |
|--|--|---|--|
| | December 31, | December 31, | |
| | 2008 | 2007 | |
| in millions | 2000 | 2007 | |
| SSETS | | | |
| | | | |
| Current assets: | ****** | *** | |
| Cash and cash equivalents | \$585.2 | \$915.8 | |
| Cash and cash equivalents of consolidated investment products | 73.0 | 36.6 | |
| Jusettled fund receivables | 303.7 | 605.5 | |
| Accounts receivable | 239.3 | 373.0 | |
| nvestments | 123.6 | 151.4 | |
| Prepaid assets | 55.6 | 65.9 | |
| Other current assets | 72.2 | 89.9 | |
| Deferred tax asset, net | 86.1 | 32.5 | |
| Assets held for policyholders | 840.2 | 1,898.0 | |
| Cotal current assets | 2,378.9 | 4,168.6 | |
| Non-current assets: | | | |
| nvestments | 121.3 | 114.1 | |
| nvestments of consolidated investment products | 843.8 | 1,239.6 | |
| Prepaid assets | 36.3 | 55.6 | |
| Deferred sales commissions | 24.5 | 31.3 | |
| Deferred tax asset, net | 37.2 | 133.8 | |
| Property and equipment, net | 205.3 | 180.0 | |
| ntangible assets, net | 142.8 | 154.2 | |
| Goodwill | 5,966.8 | 6,848.0 | |
| Total non-current assets | 7,378.0 | 8,756.6 | |
| Total assets | \$9,756.9 | \$12,925.2 | |
| | | | |
| Cument liabilities | | | |
| | Ф207.2 | Ф | |
| Current maturities of long-term debt | \$297.2 | \$— 501.2 | |
| Current maturities of long-term debt Unsettled fund payables | 288.3 | 581.2 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable | 288.3 37.9 | 581.2 140.6 | |
| Current maturities of long-term debt Unsettled fund payables Income taxes payable Other current liabilities | 288.3 37.9 639.8 | 581.2 140.6 1,021.1 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables | 288.3 37.9 639.8 840.2 | 581.2 140.6 1,021.1 1,898.0 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities | 288.3 37.9 639.8 | 581.2 140.6 1,021.1 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: | 288.3 37.9 639.8 840.2 2,103.4 | 581.2 140.6 1,021.1 1,898.0 3,640.9 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Long-term debt | 288.3 37.9 639.8 840.2 2,103.4 | 581.2 140.6 1,021.1 1,898.0 3,640.9 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Long-term debt Borrowings of consolidated investment products | 288.3 37.9 639.8 840.2 2,103.4 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 | |
| Current maturities of long-term debt Unsettled fund payables Income taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Long-term debt Borrowings of consolidated investment products Other non-current liabilities | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Cotal current liabilities Non-current liabilities: Cong-term debt Borrowings of consolidated investment products Other non-current liabilities Cotal non-current liabilities | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Long-term debt Borrowings of consolidated investment products Other non-current liabilities Total non-current liabilities | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Fotal current liabilities Non-current liabilities Long-term debt Borrowings of consolidated investment products Other non-current liabilities Fotal non-current liabilities Fotal liabilities Fotal liabilities | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Long-term debt Borrowings of consolidated investment products Other non-current liabilities Total non-current liabilities Total liabilities Minority interests in equity of consolidated entities | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 3,160.7 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 5,213.4 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Cong-term debt Borrowings of consolidated investment products Other non-current liabilities Total non-current liabilities Total liabilities Total liabilities Minority interests in equity of consolidated entities Shareholders' equity: | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 3,160.7 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 5,213.4 | |
| Current maturities of long-term debt Unsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities Non-current liabilities: Long-term debt Borrowings of consolidated investment products Other non-current liabilities Total non-current liabilities Total liabilities Total liabilities Total liabilities Minority interests in equity of consolidated entities Shareholders' equity: Common shares (\$0.20 par value; 1,050.0 million authorized; 426.6 million and 424.7 million shares | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 3,160.7 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 5,213.4 | |
| Current maturities of long-term debt Unsettled fund payables Income taxes payable Other current liabilities Policyholder payables Otal current liabilities Non-current liabilities: Cong-term debt Corrowings of consolidated investment products Other non-current liabilities Total non-current liabilities Total liabilities Otal liabilities Cotal liabilities Cotal shareholders' equity: Common shares (\$0.20 par value; 1,050.0 million authorized; 426.6 million and 424.7 million shares sesued as of December 31, 2008, and 2007, respectively) | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 3,160.7 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 5,213.4 | |
| Current maturities of long-term debt Jnsettled fund payables ncome taxes payable Other current liabilities Policyholder payables Total current liabilities: Long-term debt Borrowings of consolidated investment products Other non-current liabilities Total non-current liabilities Total liabilities Minority interests in equity of consolidated entities Shareholders' equity: Common shares (\$0.20 par value; 1,050.0 million authorized; 426.6 million and 424.7 million shares ssued as of December 31, 2008, and 2007, respectively) Additional paid-in-capital | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 3,160.7 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 5,213.4 1,121.2 | |
| Current liabilities: Current maturities of long-term debt Unsettled fund payables Income taxes payable Other current liabilities Policyholder payables Fotal current liabilities Non-current liabilities: Long-term debt Borrowings of consolidated investment products Other non-current liabilities Fotal non-current liabilities Fotal liabilities Fotal liabilities Minority interests in equity of consolidated entities Shareholders' equity: Common shares (\$0.20 par value; 1,050.0 million authorized; 426.6 million and 424.7 million shares ssued as of December 31, 2008, and 2007, respectively) Additional paid-in-capital Freasury shares Retained earnings | 288.3 37.9 639.8 840.2 2,103.4 862.0 — 195.3 1,057.3 3,160.7 906.7 | 581.2 140.6 1,021.1 1,898.0 3,640.9 1,276.4 116.6 179.5 1,572.5 5,213.4 1,121.2 | |

| Accumulated other comprehensive (loss)/income, net of tax | (95.8) | 952.1 |
|--|-----------|------------|
| Total shareholders' equity | 5,689.5 | 6,590.6 |
| Total liabilities, minority interests and shareholders' equity | \$9.756.9 | \$12.925.2 |

Page 2

Condensed Consolidated Statements of Income

| | Years Ended December 31, | | |
|---|--------------------------|-----------|-----------|
| \$ in millions, except per share data | 2008 | 2007 | 2006 |
| Operating revenues: | | | |
| Investment management fees | \$2,617.8 | \$3,080.1 | \$2,508.2 |
| Performance fees | 75.1 | 70.3 | 82.1 |
| Service and distribution fees | 512.5 | 593.1 | 534.9 |
| Other | 102.2 | 135.4 | 121.5 |
| Total operating revenues | 3,307.6 | 3,878.9 | 3,246.7 |
| Operating expenses: | | | |
| Employee compensation | 1,055.8 | 1,137.6 | 1,070,5 |
| Third-party distribution, service and advisory | 875.5 | 1.051.1 | 826.8 |
| Marketing | 148.2 | 157.6 | 138.8 |
| Property, office and technology | 214.3 | 242.5 | 230.7 |
| General and administrative | 266.0 | 295.8 | 207.6 |
| Restructuring charge | _ | _ | 13.1 |
| Total operating expenses | 2,559.8 | 2,884.6 | 2,487.5 |
| Operating income | 747.8 | 994.3 | 759.2 |
| | | | |
| Other income/(expense): | | | |
| Equity in earnings of unconsolidated affiliates | 46.8 | 48.1 | 4.3 |
| Interest income | 37.2 | 48.5 | 26.9 |
| Gains and losses of consolidated investment products, net | (58.0) | 214.3 | 294.3 |
| Interest expense | (76.9) | (71.3) | (77.2) |
| Other gains and losses, net | (39.9) | 9.9 | 26.8 |
| Income before income taxes and minority interest | 657.0 | 1,243.8 | 1,034.3 |
| Income tax provision | (236.0) | (357.3) | (254.6) |
| Income before minority interest | 421.0 | 886.5 | 779.7 |
| Minority interest in (income)/losses of consolidated entities, net of tax | 60.7 | (212.9) | (297.0) |
| Net income | \$481.7 | \$673.6 | \$482.7 |
| Earnings per share: | | | |
| — basic | \$1.25 | \$1.69 | \$1.22 |
| — diluted | \$1.21 | \$1.64 | \$1.19 |
| Dividends declared per share | \$0.520 | \$0.372 | \$0.357 |

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Condensed Consolidated Statements of Cash Flows

| Next income | | Years Ende | ed December | er 31, | |
|--|---|--------------|-------------|---------|--|
| Net income | \$ in millions | 2008 | 2007 | 2006 | |
| Aguardization and depreciation 47.6 (1.0 67.5 cm) Amortization and depreciation 47.6 (1.0 67.5 cm) Amortization and depreciation 47.6 (1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 | Operating activities: | | | | |
| Amoutation and depreciation 47,6 64,1 67,5 | Net income | \$481.7 | \$673.6 | \$482.7 | |
| Share-based compensation expense 977 10.5 4.0 Loxs/(gain) and injossal of property, equipment, software, net (2.0) (1.1) 4.0 Describate of trading investments (2.2) (24.0) (5.1) Sale of trading investments 22.3 24.6 1.5 Diver gains and losses, net 39.9 (9.9) (20.8) Loss/gain) of consolidated investment products, net 58.0 (21.4) (29.4) Excess tax benefits from share-based compensation (16.8) (2.1) (20.2) Review in earnings of consolidated affiliates (46.8) (43.1) (43.2) Changes in perturing assets and liabilities: Changes in perturing assets and liabilities: (37.1) (48.1) 1.3 Checraes/(increase) in receivables 1,138.8 (9.6) (160.7) Decrease/(increase) in receivables 1,239.8 1.8 1.9 Investing activities: 1,239.8 1.8 1.9 Investing activities: 2,21 2.5 2.5 Dividends from unconsolidated affiliates 29.8 1.8 0.9 | Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Share-based compensation expense 977 10.5 4.0 Loxs/(gain) and injossal of property, equipment, software, net (2.0) (1.1) 4.0 Describate of trading investments (2.2) (24.0) (5.1) Sale of trading investments 22.3 24.6 1.5 Diver gains and losses, net 39.9 (9.9) (20.8) Loss/gain) of consolidated investment products, net 58.0 (21.4) (29.4) Excess tax benefits from share-based compensation (16.8) (2.1) (20.2) Review in earnings of consolidated affiliates (46.8) (43.1) (43.2) Changes in perturing assets and liabilities: Changes in perturing assets and liabilities: (37.1) (48.1) 1.3 Checraes/(increase) in receivables 1,138.8 (9.6) (160.7) Decrease/(increase) in receivables 1,239.8 1.8 1.9 Investing activities: 1,239.8 1.8 1.9 Investing activities: 2,21 2.5 2.5 Dividends from unconsolidated affiliates 29.8 1.8 0.9 | Amortization and depreciation | 47.6 | 64.1 | 67.5 | |
| Content Cont | * | | | | |
| Purchase of trading investments | | (2.0) | | 4.0 | |
| Other gains and losses, net Loss/gain) of consolidated investment products, net \$8,0 214,3 (294.3) Eax benefit from share-based compensation \$4,9 \$3,2 17,9 Excess tax benefits from share-based compensation (16,8) (23,1) (12,2) Equity in earnings of unconsolidated artiflates (46,8) (48,1) (43) Changes in cash held at consolidated investment products (37,1) (4,8) 1,3 Obecrease/(increase) in receivables (1,28,8) 180,2 (30,0) Net cash provided by operating activities (1,28,8) 180,2 (30,0) Decrease/(increase) in receivables (1,28,8) 180,2 (37,0) Net cash provided by operating activities (1,28,8) 180,2 (30,0) Investing activities (84,1) 36,7 37,9 Purchase of property and equipment (84,1) 36,7 37,9 Dividends from unconsolidated affiliates 29,8 18,8 9,9 Purchase of property and equipment (84,1) 36,7 37,9 Dividends from unconsolidated affiliates 29,8 18,8 | Purchase of trading investments | (22.0) | | (51.9) | |
| Loss/gainy of consolidated investment products, net 58.0 (214.3) (294.3) Eark benefit from share-based compensation 54.9 38.2 17.9 Excess tax benefits from share-based compensation (60.07) 21.2 297.0 Winning in terest in earnings of consolidated entities, net of tax (60.07) 21.2 297.0 Changes in operating assets and liabilities: The control of the con | Sale of trading investments | 22.3 | 24.6 | 1.5 | |
| Tax benefit from share-based compensation 549 38.2 17.9 Excess tax benefits from share-based compensation (16.8) 23.1) (12.3) Minority interest in earnings of consolidated entities, net of tax (60.7) 212.9 297.0 Equity in earnings of unconsolidated affiliates (46.8) (43.1) (43.2) Changes in operating assets and liabilities: 1.138.8 59.6) (160.7) Change in eash held at consolidated investment products 1.138.8 59.6) (160.7) Decrease/increase in payables 1.125.8 180.2 (6.3) Net cash provided by operating activities 495.7 913.7 455.9 Investing activities: 1.138.8 69.6 160.7 37.9 Purchase of property and equipment (84.1) 36.7 37.9 Dividends from unconsolidated affiliates 29.8 18.8 0.9 Purchase of property and equipment (84.1) 36.2 11.1 25.2 Dividends from unconsolidated affiliates 29.8 18.8 0.9 Purchase of property and equipment (84.1 | Other gains and losses, net | 39.9 | (9.9) | (26.8) | |
| Excess tax benefits from share-based compensation (16.8) (23.1) (12.3) Minority interest in earnings of consolidated atfilitates (60.7) 21.29 297.0 Equity in earnings of unconsolidated affiliates (60.7) 21.29 297.0 Changes in operating assets and liabilities: 3.7.1 (4.8) 1.3 Change in cash held at consolidated investment products 1,128.8 (59.6) (16.07) Decrease/(increase) in receivables 1,128.8 (59.6) (16.07) Decrease/(increase) in payables 1,128.8 (59.6) (16.07) Section of Contract of | Loss/(gain) of consolidated investment products, net | 58.0 | (214.3) | (294.3) | |
| Minority interest in earnings of consolidated entities, net of tax (equity in earnings of unconsolidated affiliates (60,7) 21.29 297.0 Changes in operating assets and liabilities: Changes in operating assets and liabilities: 1.3 6.6 (16,7) 1.3 6.6 (16,7) (16,7) (12,59) 18.0 (6,6) (16,7) 0.0 (12,59) 18.0 (6,7) 0.0 (6,7) 455.9 0.0 (16,7) 0.0 (2,7) 455.9 0.0 (16,7) 0.0 0.0 (13,7) 455.9 0.0 0.0 12,1 455.9 0.0 | Tax benefit from share-based compensation | 54.9 | 38.2 | 17.9 | |
| Equity in carnings of unconsolidated affiliates (48.8) (43.8) Changes in operating assets and liabilities: (37.1) (4.8) 1.3 Changes in cash held at consolidated investment products (1.138.8) (50.6) (16.07) Decrease/(increase) in receivables (1.259.8) (18.0) (5.5) Net cash provided by operating activities 495.7 913.7 455.9 Investing activities: Purchase of property and equipment (84.1) (36.7) (37.9) Disposal of property and equipment (84.1) (80.2) (25.5) Dividends from unconsolidated affiliates 29.8 1.8 0.9 Purchase of available-for-sale investments (10.94) (80.3) (289.4) Purchase of investments by consolidated investment products (112.3) (31.5) (37.2) Purchase of investments by consolidated investment products 188.7 143.6 122.6 Recturns of capital in investments of consolidated investment products 188.7 145.0 125.0 Purchase of their investments 26.1 15.0 125.0 <td>Excess tax benefits from share-based compensation</td> <td>(16.8)</td> <td>(23.1)</td> <td>(12.3)</td> | Excess tax benefits from share-based compensation | (16.8) | (23.1) | (12.3) | |
| Change in operating assets and liabilities: | Minority interest in earnings of consolidated entities, net of tax | (60.7) | 212.9 | 297.0 | |
| Change in cash held at consolidated investment products | Equity in earnings of unconsolidated affiliates | (46.8) | (48.1) | (4.3) | |
| Decrease/(increase) in receivables 1,138,8 59,6 (16,07) Decrease/(increase in payables 1,259,8 180,2 (6,3) Net cash provided by operating activities 495,7 913,7 455,9 Investing activities: | Changes in operating assets and liabilities: | | | | |
| Decrease/(increase) in receivables 1,138,8 59,6 (16,07) Decrease/(increase in payables 1,259,8 180,2 (6,3) Net cash provided by operating activities 495,7 913,7 455,9 Investing activities: | Change in cash held at consolidated investment products | (37.1) | (4.8) | 1.3 | |
| Net cash provided by operating activities 495.7 913.7 455.9 1 | Decrease/(increase)in receivables | | (59.6) | (160.7) | |
| Purchase of property and equipment (84.1) (36.7) (37.9) Disposal of property and equipment (0.2 12.1 2.5) Dividends from unconsolidated affiliates (29.8 1.8 0.9) Purchase of available-for-sale investments (109.4) (80.3) (289.4) Purchase of available-for-sale investments (109.4) (80.3) (289.4) Purchase of available-for-sale investments (112.3) (331.5) (372.3) Purchase of investments by consolidated investment products (112.3) (331.5) (372.3) Purchase of investments by consolidated investment products (112.3) (331.5) (372.3) Purchase of investments by consolidated investment products (112.3) (331.5) (372.3) Purchase of other investments of consolidated investment products (27.1) (25.9) (14.5) Purchase of other investments of consolidated investment products (27.1) (25.9) (14.5) Purchase of other investments (27.1) (25.9) (14.5) Purchase of other investments (27.1) (25.9) (14.5) Purchase of other investments (27.1) (25.9) (14.5) Purchase of businesses, net of cash acquired of \$8.9 million in 2006 (27.1) (25.9) (14.5) Purchase of businesses (27.1) (25.9) (14.5) Purchase of businesses (27.1) (25.9) (14.5) Purchase of businesses (27.1) (25.9) (14.5) Purchase of treasury shares (313.4) (71.6) (25.8.7) Purchase of treasury shares (313.4) (71.6) (155.9) Dividends paid (207.1) (155.0) (143.6) Excess tax benefits from share-based compensation (207.1) (155.0) (143.6) Excess tax benefits from share-based compensation (207.1) (155.9) (143.6) Excess tax benefits from share-based compensation (207.1) (25.9) (23.1) (23.2) Capital distributed by consolidated investment products (24.10) (318.2) (301.2) Borrowings of consolidated investment products (24.10) (318.2) (301.2) Borrowings of consolidated investment products (24.10) (318.2) (301.2) Net (repayments)/borrowings under credit facility (114.4) (2.6) (3.9) Excess facility (31.4) (31.6) (31.4) (31.2) Purchase of senior notes (28.8) (30.0) (10.0) Net cash used in financing activities (26.4) (30.4) (10.5) | (Decrease)/increase in payables | (1,259.8) | 180.2 | (6.3) | |
| Purchase of property and equipment (84.1) (36.7) (37.9) | Net cash provided by operating activities | 495.7 | 913.7 | 455.9 | |
| Purchase of property and equipment (84.1) (36.7) (37.9) | | | | | |
| Disposal of property and equipment 0.2 1.2.1 2.5 Disposal of property and equipment 29.8 1.8 0.9 Purchase of available-for-sale investments (109.4) (80.3) (289.4) Proceeds from sale of available-for-sale investments 84.5 111.8 254.3 Purchase of investments by consolidated investment products 188.7 143.6 122.6 Returns of capital in investments of consolidated investment products 99.2 196.0 257.5 Purchase of other investments 26.1 (27.1) (25.9) (14.5) Proceeds from sale of other investments 36.2 17.1 15.6 Acquisitions as lead of the rinvestments 36.2 17.1 15.6 Acquisitions of businesses, net of cash acquired of \$8.9 million in 2006 — — (198.8) Acquisition earn-out payments (174.3) (56.0) (1.3) Disposal of businesses — 1.6 2.1 Net cash used in investing activities 79.8 137.4 66.8 Purchases of treasury shares 79.8 137.4 | Investing activities: | | | | |
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| Purchase of available-for-sale investments (109.4) (80.3) (289.4) Proceeds from sale of available-for-sale investments 84.5 111.8 254.3 Purchase of investments by consolidated investment products 118.7 143.6 122.6 Returns of capital in investments by consolidated investment products 99.2 196.0 257.5 Purchase of other investments (27.1) (25.9) (14.5) Proceeds from sale of other investments 36.2 17.1 15.6 Acquisitions of businesses, net of cash acquired of \$8.9 million in 2006 — — (198.8) Acquisition earn-out payments (174.3) (56.0) (1.3) Disposal of businesses — 1.6 2.1 Net cash used in investing activities (88.6) (46.4) (258.7) Financing activities 79.8 137.4 66.8 Purchases of treasury shares (313.4) (716.0) (155.9) Dividends paid (207.1) (155.9) (143.6) Excess tax benefits from share-based compensation 16.8 23.1 12.3 </td <td>Disposal of property and equipment</td> <td>0.2</td> <td>12.1</td> <td>2.5</td> | Disposal of property and equipment | 0.2 | 12.1 | 2.5 | |
| Proceeds from sale of available-for-sale investments (11.2.3) (331.5) (372.3) (27.3) (| Dividends from unconsolidated affiliates | 29.8 | 1.8 | 0.9 | |
| Purchase of investments by consolidated investment products Proceeds from sale of investments by consolidated investment products Returns of capital in investments of consolidated investment products Purchase of other investments Proceeds from sale of other investment products Proceeds from sale of sale optical sale of the s | Purchase of available-for-sale investments | (109.4) | (80.3) | (289.4) | |
| Proceeds from sale of investments by consolidated investment products 188.7 143.6 122.6 Returns of capital in investments of consolidated investment products 99.2 196.0 257.5 Purchase of other investments (27.1) (25.9) (14.5) Proceeds from sale of other investments 36.2 17.1 15.6 Acquisitions of businesses, net of cash acquired of \$8.9 million in 2006 — — (198.8) Acquisition earn-out payments (174.3) (56.0) (1.3) Disposal of businesses — 1.6 2.1 Net cash used in investing activities (68.6) (46.4) (258.7) Financing activities: Proceeds from exercises of share options 79.8 137.4 66.8 Purchases of treasury shares (313.4) (716.0) (155.9) Dividends paid (207.1) (155.0) (143.0) Excess tax benefits from share-based compensation 16.8 23.1 12.3 Capital invested into consolidated investment products (24.10) (318.2) (301.2) Capital | Proceeds from sale of available-for-sale investments | 84.5 | 111.8 | 254.3 | |
| Returns of capital in investments 99.2 196.0 257.5 Purchase of other investments (27.1) (25.9) (14.5) Purchase of other investments 36.2 17.1 15.6 Acquisition sof businesses, net of cash acquired of \$8.9 million in 2006 — — (198.8) Acquisition earn-out payments (174.3) (56.0) (1.3) Disposal of businesses — 1.6 2.1 Net cash used in investing activities (68.6) (46.4) (258.7) Financing activities: Proceeds from exercises of share options 79.8 137.4 66.8 Purchases of treasury shares (313.4) (716.0) (155.9) Dividends paid (207.1) (155.0) (143.6) Excess tax benefits from share-based compensation 16.8 23.1 12.3 Capital invested into consolidated investment products 96.1 211.0 345.3 Capital distributed by consolidated investment products (241.0) (318.2) (301.2) Borrowings of consolidated investment products (9.3 | Purchase of investments by consolidated investment products | (112.3) | (331.5) | (372.3) | |
| Purchase of other investments (27.1) (25.9) (14.5) Proceeds from sale of other investments 36.2 17.1 15.6 Acquisitions of businesses, net of cash acquired of \$8.9 million in 2006 — (198.8) Acquisition earn-out payments (174.3) (56.0) (1.3) Disposal of businesses — 1.6 2.1 Net cash used in investing activities (68.6) (46.4) (258.7) Financing activities: Proceeds from exercises of share options 79.8 137.4 66.8 Purchases of treasury shares (313.4) (716.0) (155.9) Dividends paid (207.1) (155.0) (143.6) Excess tax benefits from share-based compensation 16.8 23.1 12.3 Capital invested into consolidated investment products (241.0) (318.2) (301.2) Capital distributed by consolidated investment products (241.0) (318.2) (301.2) Borrowings of consolidated investment products (29.3) (33.1) (82.1) Net (repayments)/borrowings under credit facility <td></td> <td></td> <td></td> <td></td> | | | | | |
| Proceeds from sale of other investments 36.2 17.1 15.6 Acquisitions of businesses, net of cash acquired of \$8.9 million in 2006 — — (198.8) Acquisition earn-out payments (174.3) (56.0) (1.3) Disposal of businesses — 1.6 2.1 Net cash used in investing activities — 1.6 2.1 Financing activities: — 1.6 2.5 Proceeds from exercises of share options 79.8 137.4 66.8 Purchases of treasury shares (31.3) (716.0) (155.9) Dividends paid (207.1) (155.0) (143.6) Excess tax benefits from share-based compensation 16.8 23.1 12.3 Capital invested into consolidated investment products 96.1 211.0 345.3 Capital distributed by consolidated investment products (241.0) (318.2) (301.2) Borrowings of consolidated investment products (241.0) (318.2) (301.2) Borrowings of consolidated investment products (28.9) 112.6 46.3 | • | | | | |
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| Dividends paid (207.1) (155.0) (143.6) Excess tax benefits from share-based compensation 16.8 23.1 12.3 Capital invested into consolidated investment products 96.1 211.0 345.3 Capital distributed by consolidated investment products (241.0) (318.2) (301.2) Borrowings of consolidated investment products 28.9 112.6 46.3 Repayments of consolidated investment products (9.3) (33.1) (82.1) Net (repayments)/borrowings under credit facility (114.4) (2.6) 59.0 Issuance of senior notes — 300.0 — Repayments of senior notes (2.8) (300.0) (10.0) Net cash used in financing activities (666.4) (740.8) (163.1) (Decrease)/increase in cash and cash equivalents (239.3) 126.5 34.1 Foreign exchange movement on cash and cash equivalents (91.3) 10.4 35.3 | | | | | |
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| Borrowings of consolidated investment products Repayments of consolidated investment products Repayments of consolidated investment products Net (repayments)/borrowings under credit facility (114.4) (2.6) 59.0 Issuance of senior notes Repayments of senior notes (2.8) (300.0) (10.0) Net cash used in financing activities (Decrease)/increase in cash and cash equivalents (239.3) 126.5 34.1 Foreign exchange movement on cash and cash equivalents (91.3) 10.4 35.3 | | | | | |
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| (Decrease)/increase in cash and cash equivalents (239.3) 126.5 34.1 Foreign exchange movement on cash and cash equivalents (91.3) 10.4 35.3 | * * | | | | |
| Foreign exchange movement on cash and cash equivalents (91.3) 10.4 35.3 | | () | | | |
| Foreign exchange movement on cash and cash equivalents (91.3) 10.4 35.3 | (Decrease)/increase in cash and cash equivalents | (239.3) | 126.5 | 34.1 | |
| | | | | | |
| CANT AND CANTE CHILD AND CANTE DEPTH HILLY OF VEAT | Cash and cash equivalents, beginning of year | 915.8 | 778.9 | 709.5 | |

| Cash and cash equivalents, end of year | \$585.2 | \$915.8 | \$778.9 |
|--|-----------|-----------|-----------|
| | | | |
| Supplemental Cash Flow Information: | | | |
| Interest paid | \$(71.2) | \$(72.0) | \$(73.4) |
| Interest received | \$36.9 | \$48.2 | \$26.9 |
| Taxes paid | \$(238.4) | \$(328.2) | \$(213.1) |

Page 4

Condensed Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income

| | | | | | | | Accumulated | |
|--|------------|--------------|----------------------|----------------|---------------|----------|----------------|---------------|
| | | | | Additional | | | Other | Total |
| | Common | Ordinary | Exchangeable | Paid-in- | Treasury | Retained | Comprehensive | Shareholders' |
| Ø :: 11: | Shares | Shares | Shares | Capital | Shares | Earnings | (Loss)/Income | Equity |
| \$ in millions January 1, 2006 | \$— | \$81.8 | \$431.8 | \$4,710.0 | \$(407.1) | \$361.6 | \$351.7 | \$5,529.8 |
| Net income | Ψ — | — | ψ - -51.0 | φ+,710.0 — | ψ(+07.1) — | 482.7 | ψ <i>331.7</i> | 482.7 |
| Other comprehensive income | | | | | | | | |
| Currency translation differences on | | | | | | | | |
| investments in overseas subsidiaries | _ | _ | _ | _ | | _ | 268.3 | 268.3 |
| Change in minimum pension liability | _ | _ | _ | _ | _ | _ | 25.3 | 25.3 |
| Change in net unrealized gains on | | | | | | | 20.0 | 20.0 |
| available-for-sale investments | _ | _ | _ | _ | _ | _ | (6.6) | (6.6) |
| Tax impacts of changes in accumulated OCI | | | | | | | | |
| balances | _ | _ | _ | _ | _ | _ | (0.7) | (0.7) |
| Total comprehensive income | | | | | | | | 769.0 |
| Initial impact of adopting FASB 158, net of tax | к — | _ | _ | _ | _ | _ | (23.5) | (23.5) |
| Dividends | _ | _ | _ | _ | _ | (143.6) | _ | (143.6) |
| | | | | | | | | |
| Employee share plans: | | | | | | | | |
| Share-based compensation | _ | _ | _ | 140.6 | 17.4 | _ | _ | 140.6 |
| Vested shares | _ | 1.1 | _ | (17.4) 65.7 | 17.4 | _ | _ | 66.8 |
| Exercise of options Tax impact of share-based payment | _ | | _ | 12.3 | _ | _ | _ | 12.3 |
| Purchase of shares | _ | _ | _ | | (188.2) | _ | _ | (188.2) |
| Business combinations | _ | _ | _ | 0.8 | _ | _ | _ | 0.8 |
| Conversion of exchangeable shares into | | | | | | | | |
| ordinary shares | _ | 0.3 | (54.4) | 54.1 | _ | _ | _ | _ |
| December 31, 2006 | _ | 83.2 | 377.4 | 4,966.1 | (577.9) | 700.7 | 614.5 | 6,164.0 |
| Net income | _ | _ | _ | _ | _ | 673.6 | _ | 673.6 |
| Other comprehensive income | | | | | | | | |
| Currency translation differences on | | | | | | | | |
| investments in overseas subsidiaries | _ | _ | _ | _ | _ | _ | 351.1 | 351.1 |
| Change in accumulated OCI related to | | | | | | | 7.7 | 77 |
| employee benefit plans Change in net unrealized gains on | | | | | _ | | 7.7 | 7.7 |
| available-for-sale investments | _ | _ | _ | _ | _ | _ | (16.8) | (16.8) |
| Tax impacts of changes in accumulated OCI | | | | | | | () | () |
| balances | _ | _ | _ | _ | _ | _ | (4.4) | (4.4) |
| Total comprehensive income | _ | _ | _ | _ | _ | _ | <u> </u> | 1,011.2 |
| Adoption of FIN 48 | _ | _ | _ | _ | _ | (17.6) | _ | (17.6) |
| Dividends | _ | _ | _ | _ | _ | (155.0) | _ | (155.0) |
| Employee share plans: | | | | | | | | |
| Share-based compensation | _ | _ | _ | 105.2 | _ | _ | _ | 105.2 |
| Vested shares | _ | _ | _ | (53.9) | 53.9 | _ | _ | |
| Exercise of options | _ | 1.6 | _ | 135.8 | _ | _ | _ | 137.4 |
| Tax impact of share-based payment | _ | _ | _ | 23.1 | (602.7) | _ | _ | 23.1 |
| Purchase of shares | _ | (1.0) | _ | (251.4) | (683.7) | _ | _ | (683.7) |
| Cancellation of treasury shares | _ | (1.9) | _ | (251.4) | 253.3 | _ | _ | _ |
| Business combinations | _ | _ | _ | 6.0 | _ | | _ | 6.0 |
| Conversion of exchangeable shares into ordinary shares | _ | 2.0 | (377.4) | 375.4 | | | | |
| ordinary snarcs | | 2.0 | (311.4) | 313.4 | | | | |

| Cancellation of ordinary shares and issuance | of | | | | | | | |
|--|--------|--------|----|-----------|-------------|-----------|-----------|-----------|
| common shares | 84.9 | (84.9) | _ | _ | _ | _ | _ | _ |
| December 31, 2007 | 84.9 | _ | _ | 5,306.3 | (954.4) | 1,201.7 | 952.1 | 6,590.6 |
| Net income | _ | _ | _ | _ | _ | 481.7 | _ | 481.7 |
| Other comprehensive income | | | | | | | | |
| Currency translation differences on | | | | | | | | |
| investments in overseas subsidiaries | _ | _ | _ | _ | _ | _ | (1,034.2) | (1,034.2) |
| Change in accumulated OCI related to | | | | | | | | |
| employee benefit plans | _ | _ | _ | _ | _ | _ | (0.3) | (0.3) |
| Change in net unrealized gains on | | | | | | | | |
| available-for-sale investments | _ | _ | _ | _ | _ | _ | (9.3) | (9.3) |
| Tax impacts of changes in accumulated OCI | | | | | | | | |
| balances | _ | _ | _ | _ | _ | _ | (4.1) | (4.1) |
| Total comprehensive income | _ | _ | _ | _ | _ | _ | _ | (566.2) |
| Dividends | _ | _ | _ | _ | _ | (207.1) | _ | (207.1) |
| Employee share plans: | | | | | | | | |
| Share-based compensation | _ | _ | _ | 97.7 | _ | _ | _ | 97.7 |
| Vested shares | _ | _ | _ | (55.7) | 55.7 | _ | _ | _ |
| Exercise of options | 0.4 | _ | _ | (12.5) | 87.8 | _ | _ | 75.7 |
| Tax impact of share-based payment | _ | _ | _ | 16.8 | _ | _ | _ | 16.8 |
| Purchase of shares | _ | _ | _ | _ | (318.0) | _ | _ | (318.0) |
| December 31, 2008 | \$85.3 | \$ | \$ | \$5,352.6 | \$(1,128.9) | \$1,476.3 | \$(95.8) | \$5,689.5 |

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