



F&C Asset Management plc
Summary Annual Report and Financial Statements 2010

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About F&C

F&C is a leading asset management company providing solutions that deliver superior performance and service.

With offices in 8 countries we are a global business with a strong presence in Europe. Our clients are both retail and institutional investors, representing over three million individuals – for whom we manage approximately £106 billion.

Our values

- Client focus
- Accountable performance
- Commercial innovation
- Mutual respect

Summary Financial Statements

These Summary Financial Statements are a summary of information included in the audited 2010 Annual Report and Financial Statements. This summary does not contain sufficient information to allow for a full understanding of the results of the F&C Group or of the state of affairs of the Company. For further information the full 2010 Annual Report and Financial Statements should be consulted. A full copy of the 2010 Annual Report and Financial Statements is available on the Company's corporate website (www.fcampic.com) or can be obtained free of charge from the Company Secretary at the address shown inside the back cover.

The auditor has issued an unqualified report on the full Consolidated Financial Statements, the Company Financial Statements, the auditable part of the Directors' Remuneration Report and on the consistency of the Directors' Report with those Consolidated Financial Statements. Their audit report contained no statement under section 498(2) or 498(3) of the Companies Act 2006.

Forward-looking statements

This Summary Annual Report and Financial Statements may contain certain "forward-looking statements" with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the Group's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in market indices interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation and deflation; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which the Group operates.

As a result, the Group's actual future financial condition, performance and results may differ

materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. F&C undertakes no obligation to update the forward-looking statements contained in this Summary Annual Report and Financial Statements. Nothing in this publication should be considered as a profit forecast.

Definitions

"F&C, FCAM, Group or Company" F&C Asset Management plc and its subsidiaries

"FP or FP Group" Friends Provident plc and its subsidiaries

"F&CGH" F&C Group (Holdings) Limited and its subsidiaries

"F&C REIT" F&C REIT Asset Management LLP and its subsidiaries

"REIT" REIT Property Asset Management LLP and its subsidiaries

"Sherborne or the Sherborne Group" Sherborne Investors (Guernsey) GP, LLC ("Sherborne GP"), SIGA, LP ("SIGA"), Sherborne Investors (Guernsey) A Limited, Sherborne Investors Management (Guernsey) LLC and Sherborne Investors LP.

"Thames River" or "TRC" Thames River Capital Group Limited and its subsidiaries or limited liability partnerships ("LLPs") which are consolidated within the Group.

2010 Financial and business highlights

- Successful acquisition and integration of Thames River Capital
- Assets under management increase to £105.8 billion (2009: £97.8 billion)
- £6.1 billion of gross new business (2009: £3.5 billion) and return to net inflows excluding insurance
- Average net management fee margin (excluding performance fees) increases to 22.6 basis points (2009: 21.8 basis points)
- Group operating margin (ex FX) improves to 28.5% (2009: 26.6%)
- Underlying earnings per share (ex FX) of 5.9 pence (2009: 5.8 pence)

Net revenue

£243.2m

Underlying profit before taxation (ex FX)

£40.3m

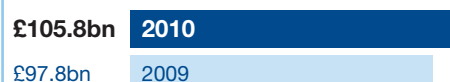
Underlying earnings per share (ex FX)

5.9p

Total dividend per share

3.0p

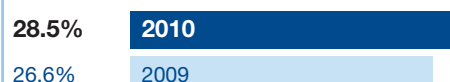
Assets under management*



Net revenue



Group operating margin (ex FX)



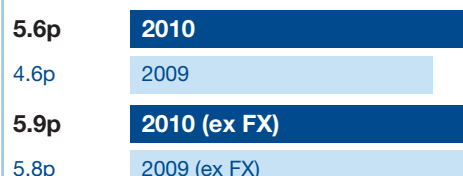
Underlying profit after taxation (ex FX)



Reported (loss)/profit after tax



Underlying earnings per ordinary share



Basic (loss)/earnings per ordinary share



Total dividend per ordinary share



Calculations of key performance indicators are given on page 26.

Reconciliations between reported (loss)/earnings and underlying earnings and between basic (loss)/earnings per share and underlying earnings per share are given on pages 23 and 24.

* As at the end of the reporting period.

Welcome from the Chairman

This is my first statement as Chairman having been appointed to the role following my election as a Director at the General Meeting on 3 February 2011.

At the same General Meeting Ian Brindle and Derham O'Neill were also elected to the Board while Nick MacAndrew, the previous Chairman, and Brian Larcombe ceased to be Directors. Separately, Gerhard Roggemann has indicated his intention to retire as a Director at the Annual General Meeting in May.

On behalf of the Board, I would like to express our thanks to Messrs. MacAndrew, Larcombe and Roggemann for their service to F&C over a number of years.

In the brief period since becoming Chairman of F&C, I have met a significant number of staff from across the Group, including portfolio managers at Thames River and F&C REIT. I have been impressed with the calibre of people I have met and, in particular, the strong sense of commitment to clients. This reinforces my confidence in F&C's prospects because asset management is without doubt a people business and the Group possesses a strong reservoir of talented professionals who want F&C to be successful.

Important progress has been achieved in a number of areas in laying solid foundations for a turnaround in F&C's fortunes. In particular, three year investment performance track records are competitive and 2010 saw encouraging trends in funds flows. Further detail on developments during 2010 is provided in the Chief Executive's report.

Our focus now is to build on the things that work well at F&C and to improve the Group's financial performance, which will create value for shareholders. Working with the Executive Management team, the Board has therefore embarked on a review of strategy. We will endeavour to minimise the time required for this process consistent with producing the right long-term plan for F&C. In the meantime, it will be business as usual for our investment professionals and client servicing teams.

Results and Dividend

The Group's underlying profit after tax (excluding foreign exchange gains and losses) was £29.4 million compared to £28.3 million in 2009. This represents underlying earnings per share of 5.9 pence for 2010 and 5.8 pence for 2009.

On a statutory reporting basis, which includes exceptional and non-cash items, the Group made a loss after tax of £13.4 million, compared to a profit after tax of £18.7 million in 2009. This represents a basic loss per share of 3.3 pence compared to earnings per share of 3.2 pence in the previous year.

After considering the results for the year and consistent with the decision to rebase the interim dividend, the Board is recommending a final dividend of 2.0 pence per share, payable on 27 May 2011 to shareholders on the register at 1 April 2011. This brings full-year dividends to 3.0 pence per share.

The Board's dividend policy is to achieve dividend cover of at least 150 per cent. of underlying earnings per share.

Conclusion

It is a privilege to have been appointed as Chairman of F&C.

The Group has a strong brand, dedicated professionals and many other strengths. However, these have not been reflected in its share price and financial performance in recent years. By accelerating momentum in things that are working well and creating greater long-term focus on those areas that will generate the most value, the prospects for F&C are excellent.

I look forward to working with the Board, management team and staff to develop the strategy and operational plan for the business so that F&C reaches its full potential.



A handwritten signature in black ink that reads "E.S. Bramson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Edward Bramson

Chairman

9 March 2011

Chief Executive's Report

Market Overview

As we anticipated in our 2009 Annual Report, 2010 saw a slow recovery in the economy after the recession of the previous year, with progress dogged by concerns over rising inflation and the potentially stifling impact of deficit reduction measures on growth.

Despite the challenging macroeconomic backdrop, equity markets continued to make strong progress for a second calendar year in succession with the FTSE 100 Index posting a total return of 12.6 per cent. and numerous indices returning to pre-credit crisis levels. This strong performance from equity markets reflected the healthy position of many companies having strengthened their balance sheets and the relative attractiveness of dividends compared to government bond yields.

In contrast, fixed income markets and the Euro currency were overshadowed by the spectre of government indebtedness and the risk of defaults in European countries such as Greece, Ireland and Portugal. This prompted European Union rescue packages for both Greece and Ireland and the introduction of severe austerity measures across Europe.

Against this mixed market backdrop the Group saw its assets under management rise to £105.8 billion (31 December 2009: £97.8 billion) which included £4.2 billion from the acquisition of Thames River Capital in September 2010. We saw positive returns across all major asset classes – equities, fixed income and property – while foreign currency movements had a negative impact on AUM across the year given our exposure to Eurozone based clients.

Investment Performance

Relative investment performance was positive across most teams during the year, with three year track records continuing to be competitive. On an asset-weight basis 72 per cent. of fixed income, 63 per cent. of equities and 100 per cent. of property assets are above agreed benchmarks over three years.

Business Flows

Having rebuilt three year investment track records and significantly improved our position with investment consultants, 2010 saw a turnaround in business flows with a return to net positive inflows, excluding insurance assets. This was underpinned by a 77.5 per cent. increase in gross new business, excluding insurance, to £6.1 billion (2009: £3.5 billion) and much reduced outflows, which were at their lowest level in several years. We ended the year with an additional pipeline of institutional mandates totalling £1.5 billion awaiting funding. Key institutional products included liability driven investment mandates, equity-linked bond funds, emerging market debt and global convertibles. We also raised significant commitments for German property mandates, ranking as the top capital raiser for property Spezialfonds (source: BVI). We expect to see the majority of these funds invested during 2011.

The quality of new institutional business continued to improve reflecting our focus on specialist products, with the average fee margin on institutional inflows some 39 per cent. higher than those on outflows.

In the UK retail market we continued to focus primarily on our multi-manager and lifestyle funds while building the profile of our property, UK and European equity products.

Encouragingly, we saw £621 million of gross sales into Thames River products during the four months post-completion which included the first institutional mandate win for their Water & Agriculture team.

Business Flows ex. Insurance

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Inflows	6,140	3,459	3,925	6,454	6,496
Outflows	(5,868)	(7,200)	(10,165)	(10,445)	(15,109)
Net flows – ex. Insurance	272	(3,741)	(6,240)	(3,991)	(8,613)

Financial Results

Net revenues were £243.2 million (2009: £225.1 million). This included performance related management fees of £12.9 million (2009: £18.7 million).

Operating costs, excluding amortisation of intangible assets, exceptional items and foreign exchange losses, were £175.0 million (2009: £166.6 million). These include the additional cost base of £12.6 million arising from the acquisition of Thames River, £6.0 million of which was in respect of distributions payable to Thames River members. Continuing the downward trend of the last three years core operating expenses in the legacy F&C business were further reduced by £4.2 million compared to 2009.

The Group also incurred a number of exceptional and non-recurring cost items which are excluded from our underlying results. These included corporate advisory costs associated with the acquisition of Thames River and the aborted acquisition of C-Quadrat, costs associated with the subsequent integration of Thames River, legal expenses and certain share-based payment costs. Offset against these, and also excluded from underlying results, are gains from foreign exchange movements and exceptional gains from restructuring our pension benefits.

As a result of increased revenues and reduced costs, the Group increased its underlying operating profit (excluding foreign exchange movements) for 2010 to £69.2 million (2009: £59.9 million), resulting in an increased underlying operating margin of 28.5% (2009: 26.6%).

Underlying earnings per share for the year were 5.9 pence (2009: 5.8 pence).

On a statutory basis, which includes amortisation and exceptional items, the Group made a loss after tax of £13.4 million (2009: profit of £18.7 million). A substantial element of the year-on-year movement is attributable to the exceptional gain of £27.9 million on the 2009 debt exchange transaction.

Statement of Financial Position

The Group closed the year with £178.8 million of shareholders' cash reserves and net debt of £95.9 million. A significant proportion of the shareholders' cash reserves are held in our regulated subsidiaries against their capital requirements.

Gross debt of £275 million (2009: £265 million) comprises £125 million of subordinated loan notes and £150 million of senior loan notes, neither of which include any financial covenants. The £150 million senior loan notes include a £20 million issue undertaken in September 2010 to repay a loan facility provided to part-finance the acquisition of Thames River.

As part of our strategy we intend to reduce net debt over the medium term.

Business Developments

F&C manages significant assets for insurance-led clients under contractual arrangements which carry certain exclusivity rights extending out to between October 2013 and October 2015 at which point they typically revert to notice periods of between 6 and 12 months. During the year we set out three medium-term strategic priorities for the Group ahead of the maturity of these contracts:

- Grow new revenues and further diversify the Group beyond its insurance client base
- Create a more flexible cost base that will adjust more readily to any changes in our business mix
- Improve capital strength by targeting the reduction of debt on our balance sheet

A key development in our revenue diversification strategy was the completion of our acquisition of Thames River in September 2010. Following the Thames River acquisition, on a run-rate basis some 75 per cent. of revenues are now derived from non-insurance clients and we believe the organic growth potential of the Group has been enhanced.

Thames River has provided the Group with complementary product and distribution capabilities. In particular it has added expertise in absolute return strategies, principally through UCITS III fund structures, has enabled a step-change in the scale of our multi-manager business and has added proven distribution in the wealth management sector, an area where our presence had been limited. UCITS absolute return funds and retail multi-manager products are two areas of the funds industry experiencing strong growth.

Thames River has been successfully integrated into the Group and is now positioned as "the Funds Business" of F&C with responsibility for the distribution of all open-ended fund products from across the Group into the retail and wholesale client channels. A trade paper advertising campaign commenced in the fourth quarter, along with a series of marketing roadshows in the UK and Europe.

A key project was the merger of the F&C and Thames River retail multi-manager ranges, which completed in December, removing one of the few areas of direct product overlap. The UK fund of funds segment has been growing at twice the rate of the broader market and our recently combined multi-manager business, with assets of £1.5 billion, is the second largest in the UK IFA market. This leaves us well positioned to help IFAs address some of the challenges arising from the Financial Services Authority's Treating Customers Fairly initiative and the implementation of the recommendations of the Retail Distribution Review by providing adviser firms with a robust investment process which provides their clients with access to best of breed funds from across the industry. We expect to see IFAs increasingly advising clients to transfer existing portfolios of individual funds into multi-manager products, as well as greater use of multi-manager funds for new investments.

Progress has also been made introducing Thames River capabilities to the institutional market, with initial interest focused on the Global Bond, Water & Agriculture and Funds of Alternative Investment Funds products.

Thames River generated £1.8 million of performance fees in its first four months as part of the Group. At 31 December 2010 some 65 per cent. of Thames River funds which incorporate performance fee structures were at, or within 5 per cent. of, their high water marks.

In our 2009 Annual Report we confirmed that we had completed the major infrastructure projects initiated in 2007, including the consolidation of our operations onto a single platform. Following this and the acquisition of Thames River we have undertaken significant work to develop a new operational model that will more readily adjust to future changes in F&C's business mix as we focus on diversifying the business and cater for evolving client needs.

As part of the implementation of this model, we have reached Heads of Terms with a leading specialist provider on an outsourcing arrangement for certain back office and middle office functions. We expect to reach a definitive agreement by the end of the second quarter of 2011. The outsourcing project is expected to reduce our operations staff headcount by around 70 per cent. as well as reorganise certain other functions around the new model. This restructuring programme, which does not affect the staffing of investment, distribution or client servicing functions, will create an operational cost base that varies with assets under management and transaction levels and is expected, once fully implemented, to generate annualised savings of at least £12 million, including £3 million from reduced premises costs. We anticipate the first of these savings will be realised later this year, with the full savings achieved in 2013.

Outlook and Summary

In our view the macroeconomic outlook continues to be challenging and we therefore see the potential for continued volatility in global markets. Growth remains anaemic in the UK and high public deficits across the developed world are multi-year problems that have only just begun to be tackled. Inflation is a growing concern across the globe and rising commodity prices add to the risk of social and political unrest in developing markets, such as we have seen recently across North Africa and the Middle East. These uncertainties are a timely reminder of the importance of being a well diversified business by sources of revenue and asset class and with a product set that can take advantage of the opportunities available at various points in the cycle as client needs and risk appetites change.

On 6 January 2011 the Board wrote to shareholders with notice of a General Meeting requisitioned on behalf of funds managed by Sherborne Investors GP, LLC. The purpose of the General Meeting was to vote on Resolutions to remove two Directors, including the then Chairman, and elect three new Directors. At the General Meeting on 3 February all these Resolutions were supported by shareholders.

With the Board having been reconstructed in accordance with the wishes of shareholders and the appointment of Ed Bramson as Chairman, the Board and management team are focused on the future success of the business.

Major building blocks for a recovery in our underlying profitability have been put in place, with progress in diversifying our sources of revenue, improved fund flows at higher average fee margins and the planned migration to a new operational model which will lower our expense base and generate future cost flexibility. Furthermore, to maximise the delivery of shareholder value, the Board is conducting a review of the Group's strategy which we will report on in due course. In the meantime, our operational focus for 2011 will be to sustain competitive investment track records, gather momentum in improving fund flow trends and accelerate the cross-selling of products between F&C and Thames River.



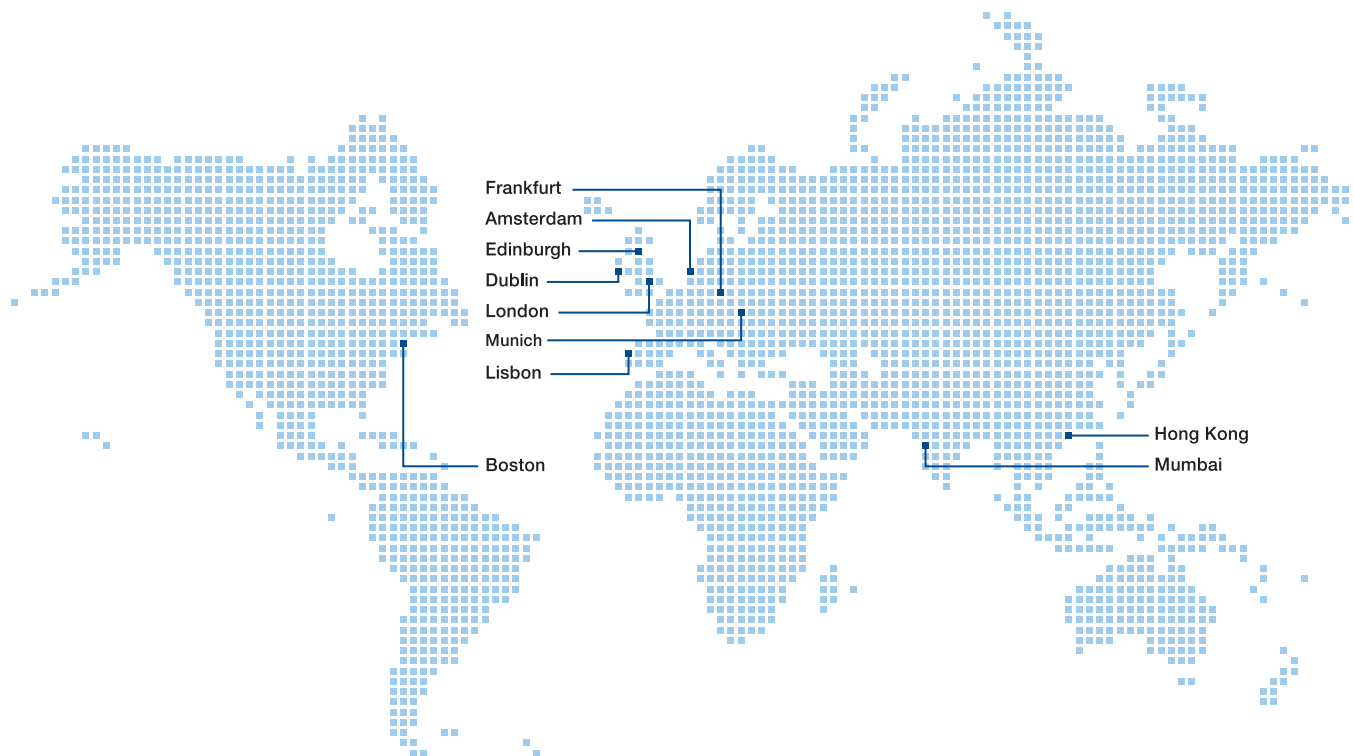
A handwritten signature in black ink that reads "Alain Grisy". The signature is written in a cursive, flowing style.

Alain Grisy
Chief Executive

9 March 2011

This is F&C

The purpose of this review is to provide shareholders with a snapshot summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators (KPIs) used to measure performance.



What we do

F&C's sole activity is asset management. We are not a bank. We are not an insurance company. We are an active international investor with a client focus on the UK and Continental Europe.

We operate across multiple locations, with a physical presence in eight countries. Our organisational philosophy has two key parameters – to seek to avoid duplication by, for example, managing each asset class from only one location, and to place client service functions where appropriate in order to meet client requirements.

Our objective is simple: to create value by delivering first quartile performance in everything our clients expect from us.

Our clients

Our clients comprise a wide range of insurance, institutional and retail investors, across multiple geographies and jurisdictions, for whom we manage a diverse spread of investments including equities, fixed income, property and alternative asset classes.

How we manage money

With over 285 investment professionals, F&C has one of the largest investment teams in Europe. Our scale gives us a competitive edge in research resources and access to the most senior management at companies. We believe individuals work best as part of a small, focused team. Our investment professionals are therefore organised into dedicated teams, focused on specific products or market segments. We provide them with a high degree of autonomy over their investment process. We do this in order to foster a strong culture of enterprise and accountability for delivering performance. This approach – of being both large in terms of resource, but entrepreneurial in structure – is what we describe as a ‘multi-specialist’ fund management model.

Responsible investments

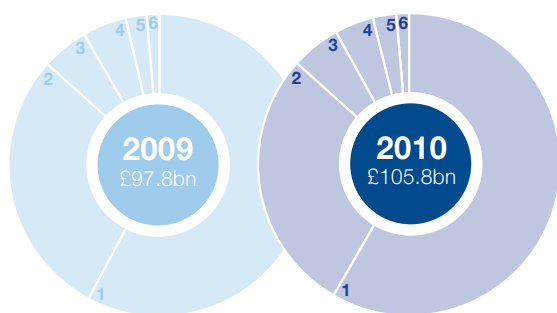
We seek to deliver strong investment performance through active management. However, as a shareholder representative, we seek to engage with the companies in which we invest, aiming to enhance and protect long-term shareholder value. Our approach is to have constructive dialogue with companies. We cast votes on shareholder resolutions globally, and disclose this to our clients on our website.

Key risks

In addition to the “normal risks” facing the business relating to the market, interest rates and foreign currency, the Board has identified the following as the key risks facing the business:

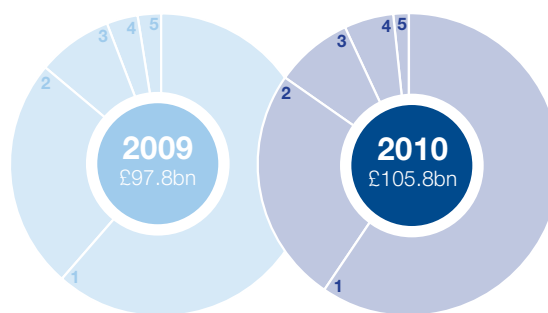
- **The regulatory environment**
- **Litigation**
- **Loss of key clients**
- **Loss of key employees**

Assets Under Management by Client Category
as at 31 December



	2009 £bn	2010 £bn
1 Insurance Funds	57.2	59.5
2 Institutional Funds	27.7	29.3
3 Sub-Advisory	4.0	3.0
4 Investment Trusts	5.1	5.9
5 Open Ended Funds (UK Onshore)	2.5	3.5
6 Open Ended Funds (Offshore)	1.3	4.6

Assets Under Management by Asset Class
as at 31 December



	2009 (restated) £bn	2010 £bn
1 Fixed Interest	57.8	62.0
2 Equities	24.6	28.7
3 Property	8.0	8.2
4 Other Alternative Investments	1.4	2.4
5 Money Market	6.0	4.5

Our strategy

- Deliver strong investment performance and client service
- Grow new revenues and further diversify the client base
- Focus on higher margin and specialist areas for new business
- Create greater flexibility in our cost base
- Improve capital strength

Deliver strong investment performance and client service

We seek to define and deliver top quartile performance in everything we do. Our strategy is grounded in our belief in a virtuous circle: delivering excellent performance will be validated by organic growth which will, in turn, translate into earnings growth and stock price performance.

Client service

2010 key points

- Successfully integrated the Thames River and F&C sales and client servicing teams so that Thames River is now focused on the Group's retail and wholesale clients and F&C exclusively on institutional clients
- Won the Incisive Media Gold Standard Award for Fund Management for the fifth year in succession
- Achieved a Four Star Rating in the Financial Adviser Service Awards
- Overall Winner of the Top 50 Call Centres for Customer Services Awards

2011 key priorities

- Complete the outsourcing of key operations functions without disrupting client service
- Sustain overall strong investment performance across the business
- Continue to broaden the range of products rated by investment consultants and fund rating agencies
- Retain key investment personnel

Key performance indicators

Corporate Health – The Board considers a report on the Group's Operations and IT systems, Human Resources, and Audit, Risk and Compliance functions at each Board Meeting.

Investment performance

2010 key points

- 72 per cent. of fixed income assets were ahead of agreed benchmarks or targets over three years as at year end
- 63 per cent. of equity assets were ahead of agreed benchmarks or targets over three years as at the year end
- Aggregate performance of all property portfolios monitored by Investment Performance Databank ('IPD') ranked F&C REIT in the 19th percentile over three years with 100 per cent. of IPD monitored portfolios ahead of benchmark
- 65 per cent. of products managed by Thames River which incorporate performance fee structures were at or within 5 per cent. of their high water marks at year end
- £12.9 million performance fees earned across the Group

Key performance indicators

Average percentage of Fixed Income assets above benchmark or peer group on an asset weighted basis

% (3 years)



Average percentage of Equity assets above benchmark or peer group on an asset weighted basis

% (3 years)



Average percentage of Property assets above benchmark or peer group on an asset weighted basis

% (3 years)



Grow new revenues and further diversify the client base

We actively seek to be a well diversified business by asset class, client type and geography and investment capabilities. We are focused primarily on the UK and Continental Europe, however, we will increasingly seek to expand distribution into other regions. Our priorities are organic growth and to further diversify our revenues beyond our core insurance clients.

2010 key points

- Good progress with institutional investment consultants, with 43 product buy ratings achieved by the end of the year
- Generated £6.1 billion of new business (ex. Insurance flows), with a further pipeline of £1.5 billion in institutional mandates awaiting funding
- Net inflows, ex. insurance, of £272 million after four years of net outflows
- Thames River generated £310 million of net new business and gross sales of £621 million in its first four months as part of the Group
- Proportion of run-rate revenues generated by non-insurance clients has increased to circa 75 per cent. following Thames River acquisition

2011 key priorities

- Capitalise on improved position with investment consultants to significantly accelerate institutional inflows with the goal of generating annualised gross institutional inflows of £6 billion by the end of 2013
- Deliver on our target of achieving gross sales of £2 billion in the retail/wholesale channels over the 16 month period ending 31 December 2011

Key performance indicators

Gross institutional new business

£bn



Net sales in third-party mutual funds

£m



Focus on higher margin and specialist areas for new business

We are targeting net new business in higher margin and specialist areas. These include retail, alternatives and specialist institutional mandates.

2010 key points

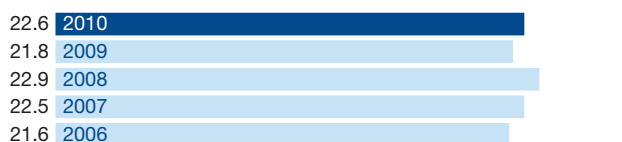
- Average basis points (excluding performance fees) increased from 21.8 in 2009 to 22.6 in 2010
- Acquisition of Thames River has increased our presence in higher fee product lines and client channels, with the average net fee margin on Thames River products (post acquisition) being 86.3 basis points (excluding performance fees)
- Average fee margin on new institutional business won during 2010 was 39 per cent. higher than on outflows
- Key institutional products include emerging market debt, equity-linked bond funds, governance & sustainable investments, liability driven investments and real-estate
- In the UK retail market key focus remains multi-manager and the 'Lifestyle' funds
- In the wholesale segments key products included global bonds, global credit and global convertibles

2011 key priorities

- Gather momentum in the cross-selling of Thames River products into the institutional market and expansion of presence in the retail/wholesale markets
- Rationalise product range to focus on key strengths and most profitable opportunities
- Expand the range of higher fee products with investment consultant ratings
- Launch new absolute return products focused on European equities and global emerging markets

Key performance indicators

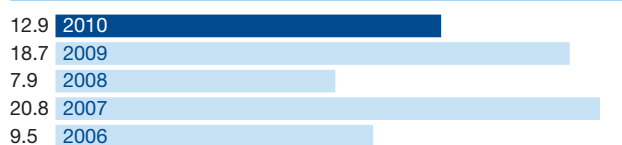
Average basis points earned on assets under management*



*excluding performance fees

Performance fees earned

£m



Create greater flexibility in our cost base

We will continue with a disciplined approach to cost control and also increasingly align costs with sources of revenue. A strategic priority is to enhance the flexibility of our cost base so that it better adjusts to changes in our business mix.

2010 key points

- Underlying operating costs reduced by £4.2 million
- Commenced a Group-wide efficiency and business simplification project
- Completed the merger of the Thames River and F&C retail multi-manager ranges in December
- Initiated a project to outsource certain back and middle office functions to create an operational cost base that will adjust with assets under management and transaction levels. Annualised cost savings, once implemented, expected to be £12 million

2011 key priorities

- Conclude the operational outsourcing agreement
- Explore opportunities to rationalise our product range

Key performance indicators

Operating margin (ex FX)

%



Improve capital strength

We will actively manage our financial position to ensure the business is resilient and has the flexibility to respond to changes in the market environment.

2010 key points

- Rebased dividend to a level which meets the Board policy of achieving at least 150 per cent. cover on underlying earnings, enabling us to allocate free capital towards debt reduction over the medium term
- Retained investment grade credit rating from Standard & Poors

2011 key priorities

- Grow revenues while controlling costs
- Reduce net debt

Key performance indicators

Net debt

£m



Company Directors



Non-executive Directors

1 Edward Bramson†

Chairman Age 60

Mr Bramson joined the Board and was appointed Chairman in February 2011. He is currently a partner of Sherborne Investors and the chairman of Nautilus, Inc and was formerly chairman of Spirent Communications plc, Elementis plc, 4imprint Group plc and Ampex Corporation.

2 Keith Bedell-Pearce CBE, LLB, MSc **†

Senior Independent Director Age 66

Mr Bedell-Pearce, a solicitor, joined the Board in December 2002. Until December 2001, Mr Bedell-Pearce was an executive director of Prudential plc with over 30 years experience in the financial services industry. He is currently Chairman of 4D Data Centres Ltd and a member of the Council of the University of Warwick.

3 Ian Brindle

Age 67

Mr Brindle joined the Board in February 2011. Mr Brindle was UK Chairman of PricewaterhouseCoopers LLP and deputy chairman of the Financial Reporting Review Panel. He is currently the chairman of Sherborne Investors (Guernsey) A Limited and a non-executive director of Spirent Communications plc, Elementis plc and 4imprint Group plc.

4 Kieran Poynter FCA **†

Independent Director Age 60

Mr Poynter joined the Board in June 2009. Prior to his appointment, Mr Poynter was Chairman and Senior Partner of PricewaterhouseCoopers LLP having spent 37 years with the firm. He is a Director of Nomura International plc, International Consolidated Airlines Group SA and British American Tobacco plc.

5 Derham O'Neill†

Independent Director Age 67

Mr O'Neill joined the Board in February 2011. Prior to his appointment, Mr O'Neill was a senior partner of Clifford Chance LLP. He is currently the chairman of Schroder Asian Property Managers Limited (Bermuda) and was formerly the chairman of Scotty Group plc and a non-executive director of Cedar plc, Georgica plc, and Schroder Venture Managers Limited (Bermuda).

6 Gerhard Roggemann Ass.iur **†

Independent Director Age 63

Mr Roggemann joined the Board in June 2007 as an Independent Director. He is currently vice chairman of Hawkpoint Partners Europe and an independent director of Resolution Limited and Friends Provident Holdings plc. He is chairman of the Supervisory Board of G P Guenter Papenburg AG, deputy chairman of the Deutsche Börse AG and a director of Deutsche Beteiligungs AG and Fresenius SE & Co KG. He spent much of his professional career with financial services firm JP Morgan.

7 Jeff Medlock**† B.Sc(Econ), FIA

Independent Director Age 70

Mr Medlock joined the Board in October 2004. Mr Medlock was Chief Executive Officer of Eureka from its formation in 1992 until 1999 when he became Chief Financial Officer at Achmea. He returned to the board of Eureka in 2002 shortly after its merger with Achmea and Seguros e Pensões as Chief Financial Officer until his retirement in 2004. He is also a trustee of the children's charity Coram Life Education.

Executive Directors

8 Alain Grisay

Chief Executive Age 57

Mr Grisay joined the Board in October 2004 having previously been Deputy Chief Executive of F&CGH and head of the institutional business. Prior to joining F&C in April 2001, Mr Grisay was at JP Morgan for 20 years, serving as Managing Director responsible for the investment bank's market client business in Europe.

9 David Logan BA, CA

Chief Financial Officer Age 41

Mr Logan joined the Board on 31 July 2006. Prior to his appointment, Mr Logan spent seventeen years in the accounting profession, including four years as a partner at Deloitte & Touche LLP and three years as a partner at Andersen.

† Member of the Nomination Committee

* Member of the Remuneration Committee

† Member of the Audit, Risk & Compliance Committee

Extracts from the Report of the Directors, Directors' Report on Corporate Governance and the Directors' Remuneration Report

Extracts from the Report of the Directors

Directors' interests

The Directors who held office at the year end and their interests (together with those of their connected persons) in the share capital of the Company are shown below:

Ordinary Shares		31 Dec 10**	31 Dec 09**
Edward Bramson	Beneficial	Nil	Nil
	Non Beneficial†	96,329,200	Nil
Keith Bedell-Pearce	Beneficial	51,285	51,285
Ian Brindle	Beneficial	Nil	Nil
Alain Grisay	Beneficial†	2,062,657	1,304,847
	Non Beneficial*	64,176	64,176
Brian Larcombe	Beneficial*	20,000	20,000
David Logan	Beneficial	198,428	95,485
	Non Beneficial*	64,176	64,176
Nick MacAndrew	Beneficial	50,000	25,000
Jeff Medlock	Beneficial	20,000	10,000
Derham O'Neill	Beneficial	Nil	Nil
Kieran Poynter	Beneficial	30,000	30,000
Gerhard Roggemann	Beneficial	Nil	Nil

* Alain Grisay and David Logan are Directors of F&C Group ESOP Trustee Limited, a company incorporated in 1995 as a discretionary employee benefit trust to encourage and facilitate the acquisition and holding of shares in the Company by employees.

** Or date of appointment if later.

† These shares include Mr Grisay's participation in the Purchased Equity Plan.

‡ Edward Bramson is an associate of SIGA, LP, a member of the Sherborne Group.

Since the year end, the following Directors' dealings in the Company's shares have taken place:

On 15 March 2011, Mr Grisay sold 1,000,000 shares in the Company at a price of 77.12 pence per share.

On 25 March 2011, Messrs Grisay and Logan received 740,740 shares and 284,900 shares respectively in the Company that vested under the terms of the Company's Executive Director Remuneration Plan. On 31 March 2011 Mr Grisay sold 740,740 shares and Mr Logan sold 147,354 shares in the Company at a price of 77.87 pence per share.

In addition, Mr Logan subscribes for £125 worth of shares each month under the Company's Share Incentive Plan.

Substantial interests in share capital

The Company has been informed of the following substantial interests, above 3 per cent. as at 6 April 2011:

	Ordinary Shares	Percentage
Sherborne	98,853,454	18.6
Eureko B.V.	51,128,190	9.6
Aviva	45,797,939	8.6
Employee Benefit Trusts	17,177,070	3.2

Annual General Meeting ('AGM')

The Company will hold its AGM on Tuesday, 3 May 2011 at The Gibson Hall, 13 Bishopsgate, London EC2N 3BA.

The Meeting will start at 11 a.m. (UK time). Details of all resolutions being put to shareholders are set out in the Notice of Annual General Meeting commencing on page 27.

Board changes

On 3 February 2011, at a General Meeting of the Company, shareholders approved the appointment of Messrs Bramson, Brindle and O'Neill to the Board and resolved that Messrs MacAndrew and Larcombe be removed from the Board.

Mr Roggemann has expressed his intention to retire on conclusion of this year's Annual General Meeting. The Nomination Committee and the Board have commenced a search for two additional independent Non-executive Directors.

Authority to allot ordinary shares and disapplication of pre-emption rights

Ordinary resolution 8 will be put to the AGM of the Company to renew the Directors' power to allot shares. The Directors currently have a general authority to allot relevant securities up to a maximum amount of £160,715.81 together with specific authorities to allot shares to satisfy the consideration payable in connection with the acquisition of Thames River and the related commutation arrangements and for the settlement of awards made under the management share plans ("the Specific Authorities"). The Resolution proposes that a similar general authority be granted in substitution of the existing general authority to allot securities up to a maximum amount of £177,355.19, representing approximately 33.33 per cent. of the Company's total issued ordinary share capital (excluding treasury shares) as at the date of this report. The Specific Authorities will remain unaffected by the passing of this resolution.

In addition, in accordance with guidance issued by the Association of British Insurers in December 2008, the Company is seeking additional authority to allot securities in connection with a pre-emptive rights issue up to a maximum amount of £90,562.02, representing approximately 17.0 per cent. of the Company's total issued ordinary share capital (excluding treasury shares) as at the date of this report. The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to implement a rights issue of an amount equal to approximately 50.34 per cent. of the issued ordinary share capital without the need to call an additional general meeting. This would shorten the implementation timetable for such a rights issue. The Directors have no present intention of exercising this authority. The authority will expire at the end of the AGM to be held in 2012, unless previously cancelled or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each AGM. To the extent that this authority is used by the Directors, all Directors will offer themselves for re-election at the next General Meeting of the Company.

Special resolution 9 will renew the present power to allot unissued ordinary share capital and to sell ordinary shares held in treasury for cash without first being required to offer such shares to existing shareholders in proportion to their existing shareholdings.

Such power will apply to the allotment of unissued ordinary shares and treasury shares sold up to a maximum nominal amount of £26,605.94 representing approximately 5 per cent. of the Company's issued ordinary share capital as at the date of this report, except that:

- (1) the maximum nominal amount of shares that can be allotted in connection with a pre-emptive rights issue is £267,917.21 representing approximately 50.34 per cent. of the Company's

total issued ordinary share capital (excluding treasury shares) as at the date of this report; and

- (2) the maximal nominal amount of unissued ordinary shares that can be allotted or treasury shares sold:
- (a) pursuant to any other pre-emptive offering (where legal or regulatory requirements prevent the issue of shares wholly on a pre-emptive basis); or
 - (b) in order to satisfy options or awards under any share scheme for employees or share incentive plan approved by the Company in general meeting, is £177,355.19, representing approximately 33.33 per cent. of the Company's total issued ordinary share capital (excluding treasury shares) as at the date of this report.

The Directors consider that the authority proposed to be granted by resolution 8 and the power proposed to be granted by resolution 9 are necessary in order to take advantage of opportunities as they arise and to retain flexibility. The Directors do not have any intention of exercising such authority or power at the present time other than for the purposes referred to in (2)(b) above.

Purchase of own shares

Special resolution 10 will be put to the AGM to renew the present power to make market purchases of the Company's own ordinary shares. Pursuant to the renewed power, the maximum aggregate number of ordinary shares which may be purchased pursuant to the authority shall be 53,211,879 (being approximately 10 per cent. of the issued ordinary share capital of the Company as at the date of this report). The minimum price which may be paid for an ordinary share shall be 0.1 pence (exclusive of expenses). The maximum price for an ordinary share (again exclusive of expenses) shall be an amount equal to 105 per cent. of the average of the middle market quotations for the Company's ordinary shares for the five business days immediately preceding the date of purchase. The power conferred by this resolution will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2012.

As at the date of this report, the Company had 119,769,934 options to subscribe for ordinary shares outstanding (representing 22.5 per cent. of the issued ordinary share capital of the Company at the same date, excluding treasury shares). If the buy-back authority is renewed at the 2011 AGM and is then utilised in full, the options outstanding at the date of this report would represent 25.01 per cent. of the issued ordinary share capital of the Company (excluding treasury shares).

Any ordinary shares purchased pursuant to this authority would either be held as treasury shares or cancelled. While any shares are held in treasury, voting rights are suspended and currently no dividends (or any other distribution) are paid (or made) on such shares. The Directors consider it appropriate to have in place the facility to acquire shares in circumstances where they believe that future shareholder returns can be enhanced by taking such action. This authority, if renewed, will only be exercised if to do so would result in an increase in earnings per ordinary share and if it is considered to be in the best interests of shareholders generally.

Directors fees

Ordinary Resolution 11 will be put to the AGM to increase the overall limit on the fees paid to, and the benefits in kind received by, the Directors of the Company for their services to the office of Directors

from £600,000 to £800,000 per annum. This increase is intended to provide the Board with the flexibility to make additional Non-executive appointments in the future.

Proposed amendment to the Company's Long Term Remuneration Plan ("LTRP")

The Board believes the continued stability of the Company's key employees is fundamental to the successful achievement of the Company's strategy and places the highest priority on the retention of the Company's top performing executives. To reinforce retention value the Company's policy is to provide a strong emphasis on long-term share-based awards that provide alignment of long-term interest between employees and shareholders. The LTRP is the Company's principal long-term retention plan.

In accordance with their terms of reference and best market practice, the Remuneration Committee and the Board keep the terms and the effectiveness of the Company's share schemes under review. Having conducted a recent review, the Board's assessment is that in one important aspect the rules of the LTRP do not provide the necessary retention value required during a period of uncertainty within the business and as such should be amended.

Under the current rules of the LTRP, a participant whose employment is terminated in certain "good leaver" circumstances (namely, redundancy, retirement at normal retirement age, the transfer of his employing business or company out of the F&C group, or any other reason at the discretion of the Board) receives only a pro-rata award (to reflect the period of service) and at a future date, being the original vesting date of the award.

Resolution 12 is proposing to enhance the retention value of the restricted share awards to the above categories of "good leavers" by resolving, in respect of any awards made in 2011, that the Board has the discretion to disapply the time pro-rating reduction that would otherwise be applied to those awards. Thereafter the current rules will apply. The Ordinary Shares of the Company to which the former employee will become entitled as a result of a restricted award will remain dependent on the performance conditions attached to the award at the date of grant and will continue to be measured over the performance period. The original vesting date of any awards made (being three years after the date of award) will also continue to apply.

Further details of the proposed amendments to the LTRP rules are set out in the appendix to the notice of meeting contained on page 30. The LTRP rules, marked up to show the proposed amendments, are available for inspection at the Company's Registered Office or Head Office.

Notice of General Meetings

We are currently able to call general meetings (other than AGMs) on 14 days' notice. We are proposing Special resolution 13 at the Meeting so that we can continue to be able to do so. The flexibility offered by this resolution will only be used where it is, in the opinion of the Directors, appropriate in relation to the business to be considered at the meeting and merited in the interests of the Shareholders as a whole.

The authority being sought pursuant to Special resolution 13 will expire at the conclusion of the AGM to be held in 2012. It is the current intention of the Directors to renew this authority annually.

Extracts from the Directors' Report on Corporate Governance

The Company is committed to, and strives for, best practice in corporate governance. The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance set out in section one of the Combined Code on Corporate Governance issued in 2008 ('the Code') have been applied.

Statement of compliance

The Directors consider that the Company has, throughout the year ended 31 December 2010 and up to the date hereof, applied the principles and met the requirements of the Code with the following exception:

- Following the appointment of Edward Bramson as the Company's Chairman on 3 February 2011, the Board has not been in compliance with Code provision A.3.1. in that Mr Bramson, as a representative of the Company's largest shareholder, was not independent on appointment.

The Chairmen of the Audit, Risk & Compliance, Remuneration and Nomination committees will be available to answer questions at this year's Annual General Meeting to be held on Tuesday, 3 May 2011.

Extracts from the Directors' Remuneration Report

Statement of the policy on Directors' remuneration

The Company's compensation policy detailed below is based upon the following key principles:

- Remuneration policies, procedures and practices should be consistent with and promote sound and effective risk management. The Policy should not incentivise risk-taking that exceeds the approved risk appetite of F&C.
- The Remuneration Policy should be aligned with the business strategy, objectives, values and long-term interests of F&C.
- The quantum of total variable remuneration should not limit the ability of F&C to strengthen its capital base.

- Total variable remuneration should in general reflect the financial performance of the Company without jeopardising the ability to attract, retain and motivate the key talent required to achieve its goals.

In applying its policy the Company takes a total compensation approach with a strong emphasis on variable pay. The Board believes that shareholders' interests are best served by containing fixed costs and increasing the proportion of total compensation that is directly performance related and thus aligned with shareholders' interests. Total remuneration will comprise basic salary, pension provision, annual bonus and any awards under the long term share incentive schemes.

The total cash component of compensation is benchmarked to market median for solid performers and to upper quartile for exceptional performers. A range of benchmark data is used, based on comparable asset management businesses, with appropriate data being used for each geographic location.

Statement on Directors' Remuneration

The remuneration of the Chairman and the other Directors who held office during the year ended 31 December 2010 is set out in the table below:

	Salary and fees 2010 £'000	Bonus 2010 £'000	Benefits and allowances 2010 £'000	Total 2010 (excluding pension contribution) £'000	Total 2009 (excluding pension contribution) £'000	Pension Contributions 2010 £'000	Total 2010 £'000	Total 2009 £'000
Executive Directors								
Alain Grisay	337	800	10	1,147	1,029 [†]	21	1,168	1,049 [†]
David Logan	262	320	3	585	593	38	623	625
Chairman and Non-executive Directors								
Nick MacAndrew (Chairman)	150	–	–	150	114	–	150	114
Keith Bedell-Pearce*	95	–	–	95	83	–	95	83
Brian Larcombe	73	–	–	73	70	–	73	70
Jeff Medlock	40	–	–	40	40	–	40	40
Gerrhard Roggemann	62	–	–	62	50	–	62	50
Kieran Poynter*	57	–	–	57	29	–	57	29
Total	1,076	1,120	13	2,209	2,008	59	2,268	2,060

* Appointed as a member of the TRC Advisory Councils on 1 September 2010.

[†] In addition, in 2009, Alain Grisay received £300,000 deferred for three years in Compulsory Purchased Equity under the terms of the Purchased Equity Plan.

No sums were paid to third parties in respect of any Executive Director's services.

The Company received £Nil (2009: £Nil) in fees payable to Executive Directors in respect of any external directorships held. No Executive Director receives any fees in respect of external appointments.

Statement on Directors' pensions

The number of Directors who held office during the year and to whom retirement benefits are accruing is set out below:

	2010 Number	2009 Number
Members of money purchase pension scheme	2	2
Company contributions paid to money purchase pension schemes		
Alain Grisay	21	20
David Logan	38	32

During the year, the Company paid a widow's pension of £100,000 (2009: £95,000) in respect of the pension benefits which had accrued to a former Chairman.

No Directors were members of a defined benefit scheme during the year.

Statement on Directors' Share Incentive Schemes

The Executive Directors who held office during the year and their awards under any of the Group's share incentive schemes at 31 December 2010 are shown below.

Non-executive Directors do not participate in any of the Group's long term incentive plans.

Executive Director Remuneration Plan

Details of awards made under the Executive Director Remuneration Plan are set out below:

Date of Grant	Nature of Award	Alain Grisay	David Logan	Share Price at date of award	Share price at date of vesting
21 May 2007	Deferred	1,300,000	200,574	193.0p	–
27 Mar 2008	Deferred	740,740	284,900	192.5p	–
6 Jul 2009	Deferred	1,649,452	539,540	64.9p	–
Opening position at 1 January 2010		3,690,192	1,025,014	–	–
Deferred awards that vested during the year		(1,300,000)	(200,574)	193.0p	58.0p
Deferred awards that lapsed during the year		–	–	–	–
Deferred awards remaining at 31 December 2010		2,390,192	824,440	–	–
21 May 2007	Restricted	2,500,000	360,000	193.0p	–
Opening position at 1 January 2010		2,500,000	360,000	–	–
Restricted awards that vested during the year		–	–	–	–
Restricted awards that lapsed during the year		(2,500,000)	(360,000)	–	–
Restricted awards remaining at 31 December 2010		–	–	–	–

Long Term Remuneration Plan awards

Details of awards made under the Long Term Remuneration Plan are set out below:

Date of Grant	Nature of Award	Alain Grisay	David Logan	Share Price at date of award
4 May 2010	Restricted	2,795,929	990,557	64.8p

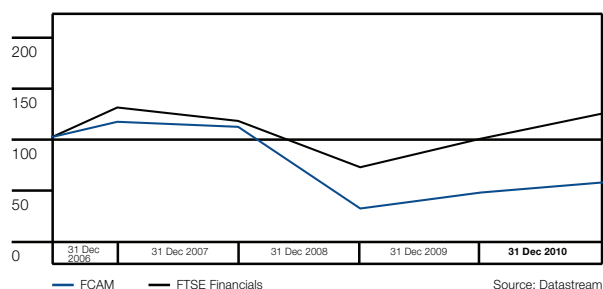
No restricted awards made to Mr Grisay or Mr Logan vested or lapsed during the year.

Performance graph for the share incentive schemes

The graph below compares the performance of the Company with a notional investment made up of shares of the group of companies from which the FTSE 250 Financial Companies Index of companies is calculated for the period from creation of the index in July 2006 to 31 December 2010. The graph is based on the TSR for each period (assuming all dividends are reinvested). The FTSE 250 Financial Companies Index has been chosen as the comparator index as it is the index that includes the Company and is considered the most appropriate benchmark as there are very few comparable listed asset management businesses.

TSR performance compared to FTSE 250 Financial Companies Index

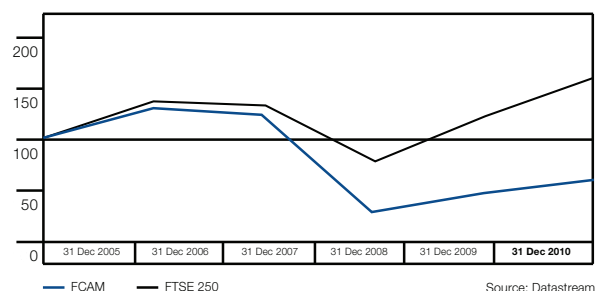
For the five financial periods ending 31 December



TSR performance compared to FTSE 250 Index

For the five financial periods ending 31 December

The graph below compares the performance of the Company with a notional investment made up of shares of the group of companies from which the FTSE 250 Index of companies is calculated for the five financial periods ending 31 December 2010. The graph is based on the TSR for each period (assuming all dividends are reinvested).



Independent Auditor's Statement to the Members of F&C Asset Management plc

We have examined the summary financial statements for the year ended 31 December 2010 which comprises Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Earnings per Share, Extracts from the Report of the Directors, Extracts from the Directors' Report on Corporate Governance and Extracts from the Directors' Remuneration Report, set out on pages 13 to 17 and pages 19 to 24.

This statement is made solely to the company's members, as a body, in accordance with section 428 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the 2010 Summary Annual Report and Financial Statements in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the 2010 Summary Annual Report and Financial Statements with the full annual financial statements, the Report of the Directors and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the 2010 Summary Annual Report and Financial Statements and consider the implications for our report if we become aware of any apparent

misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 *The auditor's statement on the summary financial statement in the United Kingdom* issued by the Auditing Practices Board. Our report on the group's full annual financial statements describes the basis of our audit opinion on those financial statements, the Report of the Directors and the Directors' Remuneration Report.

Opinion

In our opinion the summary financial statements are consistent with the full annual financial statements, the Report of the Directors and the Directors' Remuneration Report of F&C Asset Management plc for the year ended 31 December 2010 and comply with the applicable requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.



Simon Pashby (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edinburgh

6 April 2011

Consolidated Income Statement

for the year ended 31 December 2010

	2010 £m	2009 £m
Revenue		
Investment management fees	258.2	237.8
Other income	1.6	4.1
Total revenue	259.8	241.9
Fee and commission expenses	(16.6)	(16.8)
Net revenue	243.2	225.1
Net gains and investment income on unit-linked assets	74.3	136.0
Movement in fair value of unit-linked liabilities	(73.3)	(134.6)
Operating expenses		
Operating expenses	(169.7)	(164.8)
Distributions to members of LLPs	(6.0)	–
Amortisation of intangible assets – management contracts	(50.7)	(49.8)
Unrealised gains on forward currency contracts	–	1.2
Other exceptional net operating expenses	(20.9)	(19.0)
Total operating expenses	(247.3)	(232.4)
Operating loss	(3.1)	(5.9)
Finance revenue	11.1	11.5
Finance costs	(33.6)	(30.3)
F&C REIT put option fair value gain	6.4	5.6
Gain on debt exchange	–	27.9
Impairment of financial investments	–	(0.1)
(Loss)/profit before tax	(19.2)	8.7
Tax – Shareholders	6.2	10.4
Tax – Policyholders	(0.4)	(0.4)
Tax income	5.8	10.0
(Loss)/profit for the year	(13.4)	18.7
Attributable to:		
Equity holders of the parent	(16.6)	15.9
Minority interests	3.2	2.8
(Loss)/profit for the year	(13.4)	18.7
Basic (loss)/earnings per Ordinary Share	(3.31)p	3.24p
Diluted (loss)/earnings per Ordinary Share	(3.31)p	3.19p
	£m	£m
Memo – dividends paid	24.5	29.5
Memo – dividends proposed	10.3	19.5

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	2010 £m	2009 £m
(Loss)/profit for the year	(13.4)	18.7
Other comprehensive income/(expense):		
Foreign exchange movements on translation of foreign operations	(4.7)	(15.2)
Foreign exchange transfer to Income Statement on liquidation of subsidiary	(1.3)	–
Actuarial gains/(losses) on defined benefit pension schemes	10.4	(27.2)
Gains on available for sale financial investments	1.3	0.1
Tax (expense)/income on items taken directly to equity	(3.5)	7.6
Other comprehensive income/(expense) for the year	2.2	(34.7)
Total comprehensive expense for the year	(11.2)	(16.0)
Total comprehensive (expense)/income attributable to:		
Equity holders of the parent	(14.4)	(18.8)
Minority interests	3.2	2.8
	(11.2)	(16.0)

Consolidated Statement of Financial Position

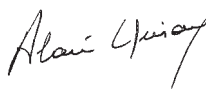
as at 31 December 2010

	31 December 2010 £m	31 December 2009 £m
Assets		
Non-current assets		
Property, plant and equipment	8.3	8.4
Intangible assets:		
– Goodwill	611.9	595.1
– Management contracts	175.5	206.7
– Software and licences	1.0	0.6
	788.4	802.4
Financial investments	3.5	2.2
Other receivables	2.0	1.9
Deferred acquisition costs	6.0	6.4
Deferred tax assets	30.9	34.3
Total non-current assets	839.1	855.6
Current assets		
Financial investments	548.7	634.9
Reinsurance assets	2.0	1.9
Stock of units and shares	0.1	0.3
Deferred acquisition costs	2.8	2.6
Trade and other receivables	162.6	91.4
Current tax receivable	0.1	5.8
Cash and cash equivalents:		
– Shareholders	178.8	186.2
– Policyholders	23.4	27.7
	202.2	213.9
Total current assets	918.5	950.8
Total assets	1,757.6	1,806.4
Liabilities		
Non-current liabilities		
Interest bearing loans and borrowings	273.7	253.9
Other payables	12.1	6.7
Provisions	8.1	10.1
Pension deficit	27.6	46.7
Employee benefits	11.6	9.6
Deferred income	8.1	9.1
Other financial liabilities	49.5	60.4
Deferred tax liabilities	48.1	58.3
Total non-current liabilities	438.8	454.8
Current liabilities		
Investment contract liabilities	559.2	649.9
Insurance contract liabilities	2.0	1.9
Interest bearing loans and borrowings	–	10.0
Trade and other payables	138.5	64.1
Provisions	9.0	8.9
Employee benefits	24.3	21.3
Members' liabilities	4.4	–
Deferred income	3.7	3.8
Other financial liabilities	4.5	1.3
Current tax payable	1.6	1.5
Total current liabilities	747.2	762.7
Total liabilities	1,186.0	1,217.5
Equity		
Ordinary Share capital	0.5	0.5
Share premium account	51.8	33.8
Capital Redemption reserve	0.8	0.8
Merger reserve	383.3	416.6
Other reserves	(19.5)	(14.5)
Retained earnings	138.2	132.5
Total equity attributable to equity holders of the parent	555.1	569.7
Minority interests	16.5	19.2
Total equity	571.6	588.9
Total liabilities and equity	1,757.6	1,806.4

The Summary Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 6 April 2011. They were signed on its behalf by:



Edward Bramson
Chairman



Alain Grisay
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Ordinary Share capital £m	Share premium account £m	Capital Redemption reserve £m	Merger reserve £m	Foreign currency translation reserve £m	Fair value reserve £m	Acquisition reserve £m	Retained earnings £m	Minority interests £m	Total equity £m
Balance at 1 January 2009	0.5	33.8	–	456.8	65.3	1.3	(66.0)	119.4	18.7	629.8
Profit for the year	–	–	–	–	–	–	–	15.9	2.8	18.7
Other comprehensive (expense)/income	–	–	–	–	(15.2)	0.1	–	(19.6)	–	(34.7)
Total comprehensive (expense)/income	–	–	–	–	(15.2)	0.1	–	(3.7)	2.8	(16.0)
Realised element of merger reserve to offset amortisation of intangible assets	–	–	–	(40.2)	–	–	–	40.2	–	–
Purchase of own shares	–	–	–	–	–	–	–	(7.4)	–	(7.4)
Share-based payment charges credited to equity	–	–	–	–	–	–	–	14.3	–	14.3
Transfer to Capital Redemption reserve on redemption of Preference Share capital	–	–	0.8	–	–	–	–	(0.8)	–	–
Final 2008 dividend paid	–	–	–	–	–	–	–	(19.8)	–	(19.8)
Interim 2009 dividend paid	–	–	–	–	–	–	–	(9.7)	–	(9.7)
Distributions to minority interests	–	–	–	–	–	–	–	–	(2.3)	(2.3)
Balance at 31 December 2009	0.5	33.8	0.8	416.6	50.1	1.4	(66.0)	132.5	19.2	588.9
(Loss)/profit for the year	–	–	–	–	–	–	–	(16.6)	3.2	(13.4)
Other comprehensive (expense)/income	–	–	–	–	(6.0)	1.0	–	7.2	–	2.2
Total comprehensive (expense)/income	–	–	–	–	(6.0)	1.0	–	(9.4)	3.2	(11.2)
Realised element of merger reserve to offset amortisation of intangible assets	–	–	–	(33.3)	–	–	–	33.3	–	–
Transfer of investment in own shares into equity on acquisition of TRC	–	–	–	–	–	–	–	(0.8)	–	(0.8)
Purchase of own shares	–	–	–	–	–	–	–	(9.7)	–	(9.7)
Settlement proceeds received on disposal of own shares	–	–	–	–	–	–	–	1.1	–	1.1
Share-based payment charges credited to equity	–	–	–	–	–	–	–	19.5	–	19.5
Share capital allotted on placement of shares	–	14.2	–	–	–	–	–	–	–	14.2
Share capital allotted in respect of TRC Commutation arrangements	–	3.8	–	–	–	–	–	(3.8)	–	–
Final 2009 dividend paid	–	–	–	–	–	–	–	(19.4)	–	(19.4)
Interim 2010 dividend paid	–	–	–	–	–	–	–	(5.1)	–	(5.1)
Distributions to minority interests	–	–	–	–	–	–	–	–	(5.9)	(5.9)
Balance at 31 December 2010	0.5	51.8	0.8	383.3	44.1	2.4	(66.0)	138.2	16.5	571.6

The total of foreign currency translation reserve, fair value reserve and acquisition reserve constitutes 'Other reserves' as disclosed in the Consolidated Statement of Financial Position and amounts to a debit of £19.5m at 31 December 2010 (31 December 2009: £14.5m debit).

Cumulative defined benefit pension scheme actuarial losses recognised as at 31 December 2010 are £34.3m which are included in retained earnings (31 December 2009: £44.7m).

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The share premium recognised during 2010 is stated net of £0.4m of transaction expenses associated with the related share placing.

Earnings per Share

Basic (loss)/earnings per share amounts are calculated by dividing the (loss)/earnings for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the earnings for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares at the reporting date.

In the opinion of the Directors the 'underlying earnings' as quantified in the 'Reconciliation of (loss)/earnings' table below, more accurately reflects the underlying earnings performance of the Group.

	2010 p	2009 p
Reconciliation of basic earnings per share		
Basic (loss)/earnings per Ordinary Share	(3.31)	3.24
Amortisation of intangibles	6.48	6.80
F&C REIT put option fair value gain	(1.28)	(1.14)
Corporate advisory fees	1.97	0.45
F&C Partners litigation expense	0.88	0.83
TRC Commutation expenses	1.24	–
Exceptional employment and staff related (income)/expense	(0.38)	0.89
F&C REIT variable minority interest SBP (income)/expense	(0.06)	0.75
TRC Management Retention and Incentive Plans	0.30	–
TRC integration expenses	0.18	–
Foreign exchange transfer from reserves on liquidation of subsidiary	(0.26)	–
Prior year unrealised losses on forward currency contracts, now realised	(0.18)	(1.45)
Investment Trust VAT income	–	(0.37)
Exceptional client compensation expense	–	0.37
Exceptional property expense	–	0.37
Gain on debt exchange	–	(6.00)
Unrealised gains on forward currency contracts	–	(0.16)
Underlying earnings per Ordinary Share	5.58	4.58
Foreign exchange losses included within underlying earnings per share	0.28	1.18
Underlying earnings per Ordinary Share excluding foreign exchange losses	5.86	5.76
	2010	2009
	p	p
Diluted earnings per Ordinary Share*	(3.31)	3.19

* Where the Group has incurred a basic loss per Ordinary Share, no dilution arises despite the 'dilutive potential weighted average number of Ordinary Shares' being greater than the 'weighted average number of Ordinary Shares used to determine the basic loss per share'. As a result, the reported basic and diluted loss per Ordinary Share are the same in 2010.

All amounts disclosed in the table above are stated net of any attributable tax, as presented in the Reconciliation of (loss)/earnings table below.

Earnings per share continued

The following tables disclose the earnings and share capital data used in the basic and diluted (loss)/earnings per share calculations:

Reconciliation of (loss)/earnings	2010			2009		
	Gross £m	Tax £m	Net £m	Gross £m	Tax £m	Net £m
(Loss)/earnings attributable to ordinary equity holders of the parent for basic (loss)/earnings per share	(22.1)	5.5	(16.6)	5.9	10.0	15.9
Amortisation of intangibles ⁽¹⁾	47.3	(14.8)	32.5	46.4	(13.0)	33.4
F&C REIT put option fair value gain	(6.4)	–	(6.4)	(5.6)	–	(5.6)
Corporate advisory fees	9.9	–	9.9	2.6	(0.4)	2.2
F&C Partners litigation expense	6.0	(1.6)	4.4	4.1	–	4.1
TRC Commutation expenses	6.2	–	6.2	–	–	–
Exceptional employment and staff related (income)/expense ⁽²⁾	(2.6)	0.7	(1.9)	6.1	(1.7)	4.4
F&C REIT variable minority interest SBP (income)/expense	(0.3)	–	(0.3)	3.7	–	3.7
TRC Management Retention and Incentive Plans	1.8	(0.3)	1.5	–	–	–
TRC integration expenses	1.1	(0.2)	0.9	–	–	–
Foreign exchange transfer from reserves on liquidation of subsidiary	(1.3)	–	(1.3)	–	–	–
Prior year unrealised losses on forward currency contracts, now realised	(1.3)	0.4	(0.9)	(9.9)	2.8	(7.1)
Investment Trust VAT income	–	–	–	(2.5)	0.7	(1.8)
Exceptional client compensation expense	–	–	–	2.5	(0.7)	1.8
Exceptional property expense	–	–	–	2.5	(0.7)	1.8
Gain on debt exchange	–	–	–	(27.9)	(1.6)	(29.5)
Unrealised gains on forward currency contracts	–	–	–	(1.2)	0.4	(0.8)
Underlying earnings attributable to ordinary equity holders of the parent	38.3	(10.3)	28.0	26.7	(4.2)	22.5
Foreign exchange losses included within underlying earnings	2.0	(0.6)	1.4	8.1	(2.3)	5.8
Underlying earnings attributable to ordinary equity holders of the parent excluding foreign exchange losses	40.3	(10.9)	29.4	34.8	(6.5)	28.3

⁽¹⁾ Excludes £2.3m (2009: £2.4m) of amortisation of intangibles (net of tax) which is attributable to minority interests.

⁽²⁾ Excludes £0.1m (2009: £nil) of costs (net of tax) which is attributable to minority interests.

Share capital	2010 No.	2009 No.
Weighted average number of Ordinary Shares for basic (loss)/earnings per share ⁽³⁾	501,469,251	491,145,219
Dilutive potential weighted average number of Ordinary Shares	520,838,263	498,926,216

⁽³⁾ Excluding own shares held by Nominees/Employee Benefit Trusts.

Five Year Record

Historical summaries

The Five Year Record is shown based on International Financial Reporting Standards which have been adopted by the Group.

	2006 £m	2007 £m	2008 (as restated*) £m	2009 £m	2010 £m
Consolidated Income Statements					
Revenue					
Investment management fees	257.6	267.2	244.2	237.8	258.2
Other income	3.7	10.6	1.1	4.1	1.6
Total revenue	261.3	277.8	245.3	241.9	259.8
Fee and commission expenses	(10.5)	(13.3)	(15.4)	(16.8)	(16.6)
Net revenue	250.8	264.5	229.9	225.1	243.2
Net gains/(losses) and investment income on unit-linked assets	106.7	45.0	(208.7)	136.0	74.3
Movement in fair value of unit-linked liabilities	(105.0)	(43.9)	210.5	(134.6)	(73.3)
Operating expenses					
Operating expenses	(159.4)	(183.8)	(171.0)	(164.8)	(169.7)
Distributions to members of LLPs	–	–	–	–	(6.0)
Amortisation of intangible assets – management contracts	(43.0)	(42.4)	(48.9)	(49.8)	(50.7)
Impairment of intangible assets – management contracts	(58.5)	–	(48.3)	–	–
Unrealised (losses)/gains on forward currency contracts	–	–	(12.3)	1.2	–
Other exceptional net operating costs	(11.6)	(10.6)	(10.6)	(19.0)	(20.9)
Total operating expenses before restructuring costs	(272.5)	(236.8)	(291.1)	(232.4)	(247.3)
Operating (loss)/profit before restructuring costs	(20.0)	28.8	(59.4)	(5.9)	(3.1)
Restructuring costs:					
– Reorganisation costs post acquisition of F&CGH Group	(9.7)	–	–	–	–
Operating (loss)/profit after restructuring costs	(29.7)	28.8	(59.4)	(5.9)	(3.1)
Finance revenue	20.6	23.8	25.7	11.5	11.1
Finance costs	(22.0)	(27.3)	(29.4)	(30.3)	(33.6)
F&C REIT put option fair value gain	–	–	–	5.6	6.4
Gain on debt exchange	–	–	–	27.9	–
Loss on disposal of subsidiaries and associates	(0.1)	–	(4.1)	–	–
Impairment in associates and other financial investments	(0.8)	–	(0.1)	(0.1)	–
Share of profit of associates	1.5	0.6	–	–	–
(Loss)/profit before tax	(30.5)	25.9	(67.3)	8.7	(19.2)
Tax – Shareholders	8.9	(6.6)	17.6	10.4	6.2
Tax – Policyholders	(0.9)	(0.6)	(0.9)	(0.4)	(0.4)
Tax income/(expense)	8.0	(7.2)	16.7	10.0	5.8
(Loss)/profit for the year	(22.5)	18.7	(50.6)	18.7	(13.4)
Attributable to:					
Equity holders of the parent	(23.5)	17.1	(52.5)	15.9	(16.6)
Minority interests	1.0	1.6	1.9	2.8	3.2
(Loss)/profit for the year	(22.5)	18.7	(50.6)	18.7	(13.4)
Underlying earnings per Ordinary Share	12.80p	10.37p	7.76p	4.58p	5.58p
Basic (loss)/earnings per Ordinary Share	(4.91)p	3.54p	(10.66)p	3.24p	(3.31)p
Diluted (loss)/earnings per Ordinary Share	(4.91)p	3.43p	(10.66)p	3.19p	(3.31)p
Dividends					
Memo					
Final dividend for 2005, 2006, 2007, 2008 and 2009	33.5	33.8	19.7	19.8	19.4
Interim dividend for 2006, 2007, 2008, 2009 and 2010	19.2	9.7	9.9	9.7	5.1
	52.7	43.5	29.6	29.5	24.5
Final dividend per Ordinary Share for 2005, 2006, 2007, 2008 and 2009	7.0p	7.0p	4.0p	4.0p	4.0p
Interim dividend per Ordinary Share for 2006, 2007, 2008, 2009 and 2010	4.0p	2.0p	2.0p	2.0p	1.0p
Dividend cover†	(0.45)	0.39	(1.78)	0.54	(0.68)
Dividend cover before exceptional items†	1.17	1.15	1.29	0.76	1.14

As restated for the amendment to IFRS 2: Share-based Payment.

† Based on the dividends paid during 2006, 2007, 2008, 2009 and 2010.

Key Performance Indicators

The following tables reconcile the reported earnings to underlying earnings and demonstrate the impact of foreign exchange gains and losses. In addition, the calculation of key performance indicators is also given below.

Year ended 31 December 2010

£ millions unless otherwise stated

			Underlying EPS		Underlying EPS ex FX
	Reported earnings	Adjustments	Adjusted Income Statement	Adjustments for FX (gains)/ losses	Adjusted Income Statement
A Net Revenue	243.2	–	243.2	–	243.2
Net policyholder income	1.0	–	1.0	–	1.0
Operating expenses	(169.0)	–	(169.0)	–	(169.0)
Exchange losses	(1.6)	–	(1.6)	1.6	–
Realised gains attributable to closed FX contracts	0.9	–	0.9	(0.9)	–
FX contract losses recognised in prior periods	–	(1.3)	(1.3)	1.3	–
Operating expenses	(169.7)	(1.3)	(171.0)	2.0	(169.0)
Distribution to members of LLPs	(6.0)	–	(6.0)	–	(6.0)
Amortisation of intangible assets	(50.7)	50.7	–	–	–
Other exceptional net operating expenses	(20.9)	20.9	–	–	–
Total operating expenses	(247.3)	70.3	(177.0)	2.0	(175.0)*
B Operating (loss)/profit	(3.1)	70.3	67.2	2.0	69.2
F&C REIT put option fair value gain	6.4	(6.4)	–	–	–
Interest paid	(22.3)	–	(22.3)	–	(22.3)
Interest and investment income received	1.6	–	1.6	–	1.6
Other non-operating items	(1.8)	–	(1.8)	–	(1.8)
Minority interest	–	(6.4)	(6.4)	–	(6.4)
(Loss)/profit before tax	(19.2)	57.5	38.3	2.0	40.3
Tax income/(expense)	5.8	(16.1)	(10.3)	(0.6)	(10.9)
C (Loss)/profit for year	(13.4)	41.4	28.0	1.4	29.4
Underlying EPS (C÷D)			5.6p		5.9p
Group operating margin (B÷A)			27.6%		28.5%
D Weighted average number of shares (000's)			501,469		501,469

* This represents "underlying operating expenses"

Year ended 31 December 2009

£ millions unless otherwise stated

			Underlying EPS		Underlying EPS ex FX
	Reported earnings	Adjustments	Adjusted Income Statement	Adjustments for FX (gains)/ losses	Adjusted Income Statement
A Net Revenue	225.1	–	225.1	–	225.1
Net policyholder income	1.4	–	1.4	–	1.4
Underlying operating expenses	(166.6)	–	(166.6)	–	(166.6)
Exchange losses	(4.1)	–	(4.1)	4.1	–
Realised gains attributable to closed FX contracts	5.9	–	5.9	(5.9)	–
FX contract losses recognised in prior periods	–	(9.9)	(9.9)	9.9	–
Operating expenses	(164.8)	(9.9)	(174.7)	8.1	(166.6)
Amortisation of intangible assets	(49.8)	49.8	–	–	–
Unrealised gains attributable to open FX contracts	1.2	(1.2)	–	–	–
Other exceptional net operating expenses	(19.0)	19.0	–	–	–
Total operating expenses	(232.4)	57.7	(174.7)	8.1	(166.6)
B Operating (loss)/profit	(5.9)	57.7	51.8	8.1	59.9
Gain on debt exchange	27.9	(27.9)	–	–	–
F&C REIT put option fair value gain	5.6	(5.6)	–	–	–
Interest paid	(20.3)	–	(20.3)	–	(20.3)
Interest and investment income received	3.6	–	3.6	–	3.6
Other non-operating items	(2.2)	–	(2.2)	–	(2.2)
Minority interest	–	(6.2)	(6.2)	–	(6.2)
Profit before tax	8.7	18.0	26.7	8.1	34.8
Tax income/(expense)	10.0	(14.2)	(4.2)	(2.3)	(6.5)
C Profit for year	18.7	3.8	22.5	5.8	28.3
Underlying EPS (C÷D)			4.6p		5.8p
Group operating margin (B÷A)			23.0%		26.6%
D Weighted average number of shares (000's)			491,145		491,145

Notice of Annual General Meeting

Notice is hereby given that the thirty first Annual General Meeting of F&C Asset Management plc will be held at The Gibson Hall, 13 Bishopsgate, London EC2N 3BA on Tuesday 3 May 2011 at 11 a.m. (UK time) for the following purposes:

Ordinary Business

To be proposed as ordinary resolutions:

1. To receive the Financial Statements and the Reports of the Directors and the Independent Auditors for the year ended 31 December 2010.
2. To declare a final dividend of 2.0 pence per share on the ordinary shares of the Company to be paid on 27 May 2011 to members whose name appears on the register of members at the close of business on 1 April 2011.
3. To re-elect Keith Bedell-Pearce as a Director.
4. To re-elect Edward Bramson as a Director.
5. To re-elect Jeff Medlock as a Director.
6. To approve the Directors' Remuneration Report for the year ended 31 December 2010.
7. To re-appoint KPMG Audit Plc as auditors to the Company to hold office until the conclusion of the next General Meeting at which Financial Statements are laid before the Company and to authorise the Directors to determine their remuneration.

8. THAT:

(A) pursuant to section 551 of the Companies Act 2006 ('the Act'), the Directors be generally and unconditionally authorised to allot:

- (1) shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £177,355.19, subject to **paragraph A(2)**; and
- (2) shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, comprising equity securities (within the meaning of section 560(1) of the Act) up to a maximum nominal amount (when aggregated with any allotment made pursuant to **paragraph A(1)**) of £267,917.21 in connection with a Pre-Emptive Offer undertaken by means of a rights issue;

(B) the authorities given in this Resolution:

- (1) shall be in substitution for all pre-existing authorities to allot shares under section 551 of the Act (other than the specific authorities granted at the general meeting of the Company held on 18 June 2010 to allot shares to satisfy the consideration payable in relation to the acquisition of Thames River and the related commutation arrangements and for the settlement of awards made under the management share plans) but without prejudice to the exercise of any such authority prior to the date hereof; and
- (2) unless renewed, revoked or varied in accordance with the Act, shall expire at the completion of the Annual General Meeting of the Company to be held in 2012, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the right to subscribe for or to convert any security into shares in the Company, after such expiry; and

(C) for the purpose of this Resolution, "Pre-Emptive Offer" means an offer of equity securities to:

- (1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and
- (2) other persons entitled to participate in such offer by virtue of the rights attaching to any other equity securities held by them,

in each case, subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

To be proposed as special resolutions:

9. THAT:

(A) subject to the passing of resolution 8 set out in this Notice ('the Allotment Authority'), the Directors be given power pursuant to section 570 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of section 560(1) of the Act) for cash, pursuant to the authorities given by the Allotment Authority, and to sell treasury shares wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities or the sale of treasury shares:

- (1) in the case of **paragraph A(1)** of the Allotment Authority, (a) in connection with a Pre-Emptive Offer (as defined in the Allotment Authority); or (b) in order to satisfy options or awards under any share scheme for employees or share incentive plan approved by the Company in general meeting; or (c) otherwise, up to a maximum nominal amount of £26,605.94;
- (2) in the case of **paragraph A(2)** of the Allotment Authority, in connection with a Pre-Emptive Offer undertaken by means of a rights issue;

(B) the power given in this Resolution:

- (1) shall be in substitution for all pre-existing authorities under section 570 of the Act but without prejudice to the exercise of any such authority prior to the date hereof; and
- (2) unless renewed in accordance with the Act, shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry.

This power applies to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if the words "in the case of **paragraph A(1)** of the Allotment Authority," and "in the case of **paragraph A(2)** of the Allotment Authority," were omitted from, respectively, **paragraphs A(1)** and **A(2)** of this resolution.

10. THAT, in substitution for any existing power under section 701 of the Companies Act 2006 ('the Act'), but without prejudice to the exercise of any such power prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693 of the Act) of fully paid ordinary shares of 0.1 pence each in the capital of the Company ('ordinary shares') in such terms and in such manner as the Directors of the Company may decide, provided that:

- (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 53,211,879 (being approximately 10 per cent. of the issued ordinary share capital of the Company excluding treasury shares as at 31 March 2011);
- (ii) the minimum price which may be paid for an ordinary share is 0.1 pence (exclusive of expenses); and
- (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the ordinary shares for the five business days immediately preceding the date of purchase,

such authority to expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2012, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts as if this authority had not expired.

Special Business

To be proposed as ordinary resolutions:

11. THAT for the purposes of Article 95 of the Articles of Association of the Company the maximum aggregate amount of fees paid to, and benefits received by, the Directors for their services in the office of director shall be increased from £600,000 per annum to £800,000 per annum.
12. THAT the proposed amendments to the rules of The F&C Asset Management plc Long Term Remuneration Plan summarised in the appendix to this Notice be and are hereby approved and the Directors be and are hereby authorised to do all such things as may be necessary to carry the same into effect.

To be proposed as a special resolution:

13. THAT the period of notice for calling a general meeting (other than an Annual General Meeting) shall be not less than 14 clear days provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2012.

By order of the Board

W Murrack Tonkin, FCCA

Secretary

80 George Street
Edinburgh EH2 3BU

6 April 2011

Notes

- (i) A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and speak and vote on his/her behalf. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company.
- (ii) A Form of Proxy for use by Ordinary Shareholders in connection with the meeting is enclosed with these Accounts. To be valid, the Form of Proxy should be completed and signed and sent or delivered, together with any power of attorney or other authority (if any) under which it is signed or an extract from the Books of Council and Session or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority, in accordance with the instructions contained therein, so as to reach the Company's registrars, at the address stated thereon, not later than 11 a.m. (UK time) on 1 May 2011
- (iii) Alternatively, shareholders who would like to lodge their proxy electronically may do so via the Sharevote website (www.sharevote.co.uk) or through CREST in each case so as to be received by no later than 11 a.m. (UK time) on 1 May 2011. Further details relating to proxy appointments through CREST are set out in note (xvi) below. If you return more than one valid proxy appointment in respect of the same share, either by paper or electronic communication, the one which is received last will take precedence; if the Company is unable to determine which of them was received last, none of them will be treated as valid in respect of that share.
- (iv) Completing and returning a Form of Proxy will not prevent an Ordinary Shareholder from attending in person at the meeting referred to above and voting should he or she wish to do so.
- (v) To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6.00 p.m. on Thursday, 29 April 2011 (or, in the event of any adjournment, on the date which is two days (excluding any part of a day that is not a working day) before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (vi) If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint a proxy. See note (vii) below.
- (vii) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:
 - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ('Relevant Member') to be appointed or to have someone else appointed as a proxy for the meeting.
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- (viii) Any corporation which is a shareholder can appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

- (ix) Under section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- (x) Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xi) In accordance with section 311A of the Companies Act 2006, the contents of this notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice of meeting will be available on the Company's website at www.fcampc.com.
- (xii) As at 31 March 2011 (being the latest practicable date prior to publication of this notice) the Company's issued share capital consisted of 532,118,789 ordinary shares of 0.1 pence each carrying one vote each. No shares are held in treasury. Therefore, total voting rights in the Company as at 31 March 2011 are 532,118,789.
- (xiii) Copies of the following documents will be made available for inspection at the registered office of the Company and at the Company's head office during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the close of the meeting, and at the place of the meeting from 15 minutes prior to and during the continuance of the meeting:
- the Executive Directors' service contracts and Non-executive Directors' letters of appointment;
 - the rules of The F&C Asset Management plc Long Term Remuneration Plan marked up to show the proposed amendments; and
 - the articles of association of the Company.
- (xiv) A member may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purpose other than those expressly stated.
- (xv) The Company has made provision for shareholders who would like to vote by electronic means.
- (xvi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by our Registrars, Equiniti (ID RA19) by 11 a.m. (UK time) on 1 May 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appendix

Summary of the proposed amendments to the F&C Asset Management plc Long Term Remuneration Plan

1. Introduction

Under the rules of the LTRP, the Board can grant two different forms of awards over Ordinary Shares, namely:

- (i) awards that are subject to performance targets which must be satisfied if they are to vest ('Restricted Awards'); and
- (ii) awards that are not subject to such performance targets ('Deferred Awards')

Under the rules of the LTRP, no Deferred Awards can be granted to F&C's executive directors.

2. Existing LTRP provisions relating to cessation of a Restricted Award holder's employment

Currently, the provisions of the LTRP that apply where the holder of a Restricted Award ceases employment with the F&C Group can be summarised as follows:

- (i) If the participant leaves the employment of the F&C Group for any reason (other than as specified below) prior to the vesting of his Awards (which will normally take place on the third anniversary of grant to the extent that applicable performance targets have been satisfied) then they will lapse immediately.
- (ii) If, prior to vesting, the participant dies or ceases employment by reason of injury, ill-health or disability then his Awards will vest immediately provided that such vesting will only occur if, and to the extent that, the applicable performance targets have been satisfied at that time.
- (iii) If, prior to vesting, the participant ceases employment by reason of redundancy, retirement at normal retirement age or because the participant's employing company or part of the business in which he is employed is transferred out of the F&C Group, or any other reason at the discretion of the Board, then his Awards will continue to vest on the third anniversary of grant but again only if, and to the extent that, the applicable performance conditions have been satisfied. In addition, the amount of an Award which vests in these circumstances will be reduced pro-rata in line with the proportion of the vesting period that had elapsed at the time the participant ceased to be employed by the F&C Group.

3. Proposed amendments to above provisions relating to cessation of a participant's employment.

The above provisions will be amended in respect of certain Restricted Awards (see below) so as to provide that if, prior to vesting, a participant ceases employment with the F&C Group in the circumstances set out in paragraph 2(iii) above then the Board will have the discretion to disapply the time pro-rating reduction that would otherwise have been made. However, in these cases vesting will continue to occur on the third anniversary of grant to the extent that applicable performance conditions have been satisfied.

For the avoidance of doubt, no other amendments will be made to the provisions summarised at paragraph 2 above. Similarly, no changes are being made to the terms of the LTRP that apply to Deferred Awards.

4. Application of proposed amendments

The amendments summarised at paragraph 3 above will only apply to any Restricted Awards granted between 1 January 2011 and 31 December 2011. Performance Awards granted after 31 December 2011 will be subject to the current provisions summarised at paragraph 2 above.

5. Rationale for proposed amendments

A summary of the rationale for these proposed amendments to the LTRP is set out on page 14.

Defined Terms

In this appendix, the following words and expressions bear the following meanings unless the context requires otherwise:

"Board" the board of directors of F&C, or a duly authorised committee thereof;

"F&C" F&C Asset Management plc;

"F&C Group" the group of companies of which F&C is the holding company;

"LTRP" The F&C Asset Management plc Long Term Remuneration Plan; and

"Ordinary Shares" Ordinary Shares of 0.1p each in the capital of F&C.

Notice To US Shareholders – Certain PFIC Considerations

Shareholders should consult their own tax advisors as to the tax considerations applicable to them relating to the purchase, ownership and disposition of our ordinary shares (the 'Shares'), including the applicability of US Federal state and local tax laws and non-US tax laws. This discussion does not address tax considerations applicable to US Shareholders other than the passive foreign investment company rules.

F&C Asset Management plc (the 'Company') and certain of its subsidiaries may be treated as passive foreign investment companies (each, a 'PFIC') within the meaning of section 1297 of the US Internal Revenue Code of 1986, as amended (the 'Code') for US Federal income tax purposes.

Treatment of the Company or any of its subsidiaries as a PFIC could result in adverse tax consequences for US Shareholders.

A foreign corporation generally will be treated as a PFIC in any year in which either 75 per cent. or more of its gross income constitutes passive income or at least 50 per cent. of the value of its assets is attributable to assets which produce or are held for the production of passive income. In applying these tests, a non-US corporation that directly or indirectly owns at least 25 per cent., by value, of the stock of another corporation is treated as if it held directly its proportionate share of the other corporation's assets and received directly its proportionate share of the other corporation's income.

Whether a non-US company is a PFIC is determined annually, and the status of the Company, or any of its subsidiaries, could change depending among other things upon the changes in the composition of its gross receipts and assets, and the nature of its business.

US Shareholders are particularly urged to consult their own Tax Advisors regarding the US tax considerations relating to an investment in a company that may be or may become a PFIC, including the availability and consequences of elections that may be available to mitigate the adverse Federal income tax consequences of owning or disposing of PFIC shares. In that regard, US Shareholders should be aware that the Company does not intend to satisfy the record keeping and other requirements that would permit a US Shareholder to make a qualified electing fund ('QEF') election with respect to the Company or any of its subsidiaries.

Each taxpayer is hereby notified that: (a) any discussion of US Federal tax issues herein is not intended or written to be used, and cannot be used by the taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under US Federal tax law; (b) any such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) the taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Corporate Information

Directors

Edward Bramson, Chairman[‡]
 Alain Grisay, Chief Executive
 Keith Bedell-Pearce, Senior Independent Non-executive*^{††}
 Ian Brindle, Non-executive
 David Logan, Chief Financial Officer
 Jeff Medlock, Non-executive*[†]
 Derham O'Neill, Non-executive*[†]
 Kieran Poynter, Non-executive*^{††}
 Gerhard Roggemann, Non-executive*^{††}

*Member of Nomination Committee

*Member of Remuneration Committee

†Member of Audit, Risk & Compliance Committee

Head Office

Exchange House
 Primrose Street
 London
 EC2A 2NY
 Telephone 020 7628 8000
 Facsimile 020 7628 8188
 Email: enquiries@fandc.com

Secretary and Registered Office

W Murrack Tonkin, FCCA
 80 George Street
 Edinburgh
 EH2 3BU
 Telephone 0131 718 1000
 Facsimile 0131 225 2375

Solicitors

Norton Rose LLP
 3 More London Riverside
 London
 SE1 2AQ
 Shepherd and Wedderburn LLP
 1 Exchange Crescent
 Conference Square
 Edinburgh
 EH3 8UL

Principal Bankers

The Royal Bank of Scotland plc
 142-144 Princes Street
 Edinburgh
 EH2 4EQ

Shareholder services available from Equiniti Limited

Shareview

The Company's registrar, Equiniti, offers a Shareview service enabling shareholders to have more control over their shares and other investments:

- Direct access to data held on the share register including recent share movements and dividend details.
- The ability to change address details or dividend payment instructions online.
- To sign up for Shareview, shareholders need the "shareholder reference" printed on the proxy form or dividend stationery, and there is no charge to register.

On registration, shareholders can select their preferred format (post or e-mail) for shareholder communications. Shareholders selecting "e-mail" as their mailing preference will be sent shareholder communications, such as proxy forms and notice of Company results by e-mail instead of post, as long as this option is available. Shareholders selecting "post" as their preference will be sent paper documents as usual. Details of software and equipment requirements are given on the website, www.shareview.co.uk

Voting Online

In accordance with good governance practice, the Company is offering shareholders use of an online voting service, "sharevote", offered by Equiniti, at www.sharevote.co.uk. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline (11 a.m. (UK time) on 1 May 2011) applies as for the Personalised Voting Form to vote or appoint a proxy by post to vote. Shareholders need to use the unique personal identification details (Reference Number, Card ID and Account Number) that are printed on the Personalised Voting Form to use this service.

Stockbrokers

JPMorgan Cazenove
 10 Aldermanbury
 London
 EC2V 7RF

Citigroup Global Markets Limited
 Citigroup Centre
 Canada Square
 Canary Wharf
 London
 E14 5LB

HSBC Bank plc
 8 Canada Square
 Canary Wharf
 London
 E14 5HQ

Auditors

KPMG Audit Plc
 Saltire Court
 20 Castle Terrace
 Edinburgh
 EH1 2EG

Registrar and Transfer Office

Equiniti Limited
 34 South Gyle Crescent
 South Gyle Business Park
 Edinburgh
 EH12 9EB

Corporate information

F&C Asset Management plc
 Registered in Scotland
 Company Registration Number SC73508

Website

Shareholders are encouraged to visit our website

www.fcamlc.com

F&C Asset Management plc

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