F&C Asset Management plc

Summary Annual Report and Financial Statements 2011

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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 insurance companies, institutional, retail and wholesale investors, representing over three million individuals – for whom we manage approximately £100 billion.

Our values

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

Summary Annual Report and Financial Statements

These Summary Annual Report and Financial Statements are a summary of information included in the audited 2011 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 2011 Annual Report and Financial Statements should be consulted. A copy of the 2011 Annual Report and Financial Statements is available on the Company's corporate website (www.fcamplc) 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

"FL", "FL Group" Friends Life 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 subsidiary companies or limited liability partnerships (LLPs) which are consolidated within the Group

"NCI" Non-controlling interests

Our year in brief

Net revenue
£267.0m

Group underlying profit before tax
£47.0m

Underlying earnings per share
5.5p

Total dividend per share
3.0p

2011 Financial and Business Highlights

- First phase of the strategic review completed, second phase expected in May 2012
- £33.2 million cost reduction programme is ahead of plan and remains on track to be substantially achieved by the end of 2012
- Assets under management of £100.1 billion *(2010: £105.8 billion)**
- £7.8 billion of gross new third-party business *(2010: £5.7 billion)*
- Three-year investment performance track record remains competitive, particularly in the Group's largest asset class of fixed income
- Consultant buy ratings at record levels
- Net debt reduced to £77.8 million *(2010: £95.9 million)**
- Underlying earnings per share of 5.5 pence *(2010: 5.7 pence)*
- Unchanged total dividends of 3.0 pence per share *(2010: 3.0 pence)*

Reconciliations of reported to underlying earnings and calculations of key performance indicators are given on page 26.

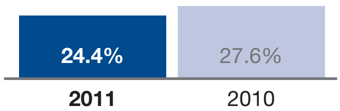
Reconciliations between reported earnings/(loss) and underlying earnings and between basic loss per share and underlying earnings per share are given on pages 23 and 24.

* As at the end of the reporting period.

Assets under management*

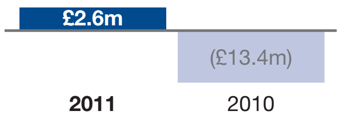
Net revenue

Underlying operating margin



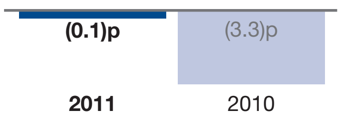
Group underlying profit before taxation

Reported profit/(loss) after tax



Underlying earnings per Ordinary Share

Basic loss per Ordinary Share



Total dividend per Ordinary Share

Welcome from the Chairman

2011 was a significant year for F&C with changes in the composition of the Board and important progress made in developing its strategy. A review of business flows, investment performance and operational developments, is provided in the Chief Executive's Report.

Five new Directors joined the Board, three as a result of the changes which arose from the Extraordinary General Meeting in February 2011, which was covered in last year's Annual Report, and the subsequent appointment of two additional Directors. In the second half of 2011, Keith Jones and Keith Percy were appointed as Independent Non-Executive Directors. Both Mr Jones and Mr Percy bring considerable industry expertise to the Board as former chief executive officers of major asset management firms. Additional information on the recently appointed and incumbent Directors is included on page 12.

The Board has been conducting a comprehensive review of strategy during the year. As I wrote in last year's report, F&C has a great many strengths, including a strong brand, competitive investment performance across a range of products and high quality professionals, but these have not been reflected in its financial performance in recent years. The goal of the review is therefore to enhance shareholder value.

In setting the parameters for the revised strategy the Board agreed three key objectives:

- Generate above-average shareholder returns with below-average volatility
- Achieve competitive scale in areas of strategic focus
- Create a stable environment for long-term growth

The first phase of this work completed in October and focused on addressing certain corporate issues, as well as the growth strategy for our institutional business. In particular, we announced steps to improve profitability through an additional £21.2 million expense reduction programme over and above the £12.0 million target set-out at the start of the year from the operational outsourcing project and related restructuring. These combined £33.2 million cost reductions, which will substantially be achieved by the end of this year and fully achieved during 2013, will enhance underlying earnings and the level of dividend cover and provide the Group with the ability to accelerate the retirement of its long-term debt. Improving the Group's financial position will better enable F&C to implement its revenue growth plans, with consistent investment in the resources required to support growth.

Our revised institutional strategy is to focus on those areas where F&C has existing scale and marketable track records in products that meet the needs of insurance companies and pension schemes. Both of these large client groups are increasingly focused on immunising liabilities, with fixed income as the core asset class in their portfolios. F&C has significant scale in fixed income, good performance track records and has gathered strong consultant support for its expertise in Liability Driven Investment.

The second phase of the strategic review, which will cover the growth strategies for our retail, wholesale, investment trust and real-estate businesses, is ongoing. We expect to conclude this work in May.

Results and Dividend

The underlying profit after tax was £28.4 million compared to £28.8 million in 2010. This represents underlying earnings per share of 5.5 pence for 2011 (2010: 5.7 pence).

On a statutory reporting basis, which includes exceptional and non-cash items, the Group made a profit after tax of £2.6 million, compared to a loss after tax of £13.4 million in 2010. This represents a basic loss per share of 0.1 pence compared to a loss of 3.3 pence in 2010.

The Board is recommending an unchanged final dividend of 2.0 pence per share, payable on 25 May 2012 to shareholders on the register at 30 March 2012. This brings full-year dividends to 3.0 pence per share (2010: 3.0 pence per share).

Retirement of Alain Grisay

In October 2011 the Group announced that Alain Grisay would be retiring in the latter part of 2012 and would therefore step down as Chief Executive and from the Board at the conclusion of the Annual General Meeting in May. As part of a gradual and orderly handover of responsibilities, I have temporarily taken on the position of Executive Chairman. This is an interim measure while the Group completes its strategic review and implements the related actions. The Board expects that the roles of Chairman and Chief Executive will be separated again by the time of the 2013 Annual General Meeting.

As a result of the handover, and to ensure accountability for delivery of goals for each business line, we have clarified senior management responsibilities. Richard Wilson is now head of our Investment and Institutional Business and Charlie Porter is head of our Retail and Wholesale Business (which incorporates investment trusts). Responsibility for F&C REIT, our real-estate business, and F&C Portugal remains unchanged.

On behalf of the Board and management team, I would like to thank Alain Grisay for the huge contribution he has made to F&C over many years, the last six of which he has served as Chief Executive. His notable achievements include successfully leading F&C through a period of ownership uncertainty to an independent stock market listing and the acquisitions of Thames River and REIT Asset Management. Alain leaves F&C with our very best wishes for the future.

Edward Bramson
Executive Chairman

15 March 2012

2011 was a significant year for F&C with changes in the composition of the Board and important progress made in developing its strategy.

Chief Executive's Report

Market Overview

The ongoing European sovereign debt crisis continued to cast a cloud of uncertainty over the global economy during 2011 as solvency fears spread beyond Greece, Ireland and Portugal to the much larger economies of Spain and Italy. Alongside this the year also saw a number of significant geopolitical developments and natural disasters which contributed to extreme volatility in global markets and poor investor sentiment. These included the earthquake, tsunami and nuclear reactor crisis in Japan, violent upheaval in the Middle East and North Africa and growing concerns over Iran's nuclear programme.

While across the year the equity market ended only modestly down, with the FTSE 100 Index posting a total return of -2.2 per cent., volatility as measured by the VIX Index hit levels last seen at the height of the credit crisis in 2008 when the global financial system was on the brink of collapse. At its lowest point the FTSE 100 Index had declined by -13.8 per cent. from the start of the year and the S&P 500 Index of leading US companies traded in a 24 per cent. range with an average daily move of around 1 per cent.

Volatile markets, combined with poor liquidity, adversely affect the asset management industry by impacting both new business generation, particularly from retail investors, and the ability of fund managers to position client portfolios in order to deliver out-performance. During 2011 only 17 per cent. of funds in the IMA UK All Companies sector managed to outperform the FTSE All Share Index on a total return basis (source: Lipper).

Underlying asset performance was a £2.9 billion positive contributor to assets under management (AUM) over the year. However, the Group saw its AUM decline 5.4 per cent. to £100.1 billion (31 December 2010: £105.8 billion) principally as a result of net outflows and adverse foreign exchange movements associated with strategic partner assets.

Some 52 per cent. of the assets we manage are in Euro-denominated portfolios, with strategic partners making up 67 per cent. of this exposure.

Business Flows

While the business saw overall net outflows of £7.2 billion during the year, this was primarily attributable to strategic partner outflows. The outflows reflected the underlying maturity profile of some of our strategic partners' insurance books, the market conditions in Portugal and Ireland and specific developments including the partial nationalisation of the BCP Pension Scheme in Portugal and the sale of Imperio France by Achmea. We estimate annualised revenues lost from these net outflows in 2011 to be approximately £11.9 million.

Net flows from third-party clients were flat reflecting the difficult market environment, particularly for retail and wholesale business. Institutional gross sales were strong, with £4.6 billion new mandates funded and an additional £1.2 billion won but unfunded at year end. Institutional flows were indicative of our much improved position with investment consultants where our credentials in areas such as fixed income and Liability Driven Investments (LDI) have gained strong recognition.

Financial Results

While net revenues increased to £267.0 million (2010: £243.2 million), this reflected the first full-year of Thames River's inclusion in the Group which also had a corresponding impact on the expense base. Net revenues included performance-related management fees of £11.8 million (2010: £12.9 million). The reduction in performance fees over the previous year partially reflected weaker investment performance in the second half of the year at Thames River, where the majority of products have performance fee potential, and also the reduced performance fee potential from certain F&C mandates.

Underlying operating costs, excluding amortisation of intangible assets and exceptional items, were £202.1 million (2010: £177.0 million). These included a full-year impact from the Thames River acquisition, including £18.3 million in respect of distributions payable to Thames River members. Core operating expenses in the legacy F&C business were slightly lower year-on-year, with cost reductions more than offsetting inflationary increases.

The Group also incurred a number of exceptional and non-recurring costs which are excluded from our underlying results. These included costs associated with the F&C Partners litigation, costs of implementing our back and middle office outsourcing and one-off expenses related to our cost reduction programme. Offset against these, and also excluded from underlying results, are exceptional gains arising from the reassessment of conditional consideration payable for Thames River, and in respect of the reduction in F&C REIT put option liabilities. The Group anticipates that, based on current and forecast financial performance, no conditional consideration will be payable for the Thames River Group.

The Group achieved an underlying operating profit for 2011 of £65.2 million (2010: £67.2 million), resulting in an underlying operating margin of 24.4 per cent. (2010: 27.6 per cent.). In addition, the Group recognised investment gains, which are included in investment income, of £3.7 million during the year.

Underlying earnings per share for the year were 5.5 pence (2010: 5.7 pence).

On a statutory basis, which includes amortisation and exceptional items, the Group made a profit after tax of £2.6 million (2010: a loss of £13.4 million).

Statement of Financial Position

The Group closed the year with £196.9 million of shareholders' cash reserves and net debt reduced to £77.8 million (2010: £95.9 million). A significant proportion of the shareholders' cash reserves are held in our regulated subsidiaries against their capital requirements.

Gross debt of some £275 million (2010: £275 million) comprises £125 million of subordinated loan notes and £150 million of senior loan notes, neither of which include any financial covenants.

Business Review

While the Board conducted its review of strategy, the operational focus of the business during 2011 remained the delivery of good investment performance and client servicing during a period of market turbulence, and the project to outsource our back and middle office functions.

On an asset-weighted basis relative investment performance during the year was encouraging, particularly in fixed income, which is the core asset class for both defined benefit pension schemes and insurance portfolios. Importantly, three-year track records continue to be competitive: on an asset-weighted basis some 87 per cent. of fixed income, 64 per cent. of equities and 98 per cent. of property assets are above benchmarks over three years.

Our position with investment consultants continues to improve and we have a highly active programme of consultant engagement. We now have 70 individual product buy ratings compared to 43 at the end of 2010. This significant increase in consultant ratings primarily reflects new ratings for a number of investment solutions products launched over the last two years, including our equity-linked bond fund range and a suite of Dynamic LDI funds that we launched in December 2011. Our credentials in providing solutions to help insurers to address their solvency requirements and pension schemes to immunise liabilities, gained important recognition with our appointment to the UK's Pension Protection Fund's panel of LDI providers. F&C also won the LDI Provider of the Year award at the prestigious 2011 European Pensions Awards.

As disclosed in our Interim Report, a further notable achievement during the year was our appointment by the National Employment Savings Trust (NEST) to manage their ethical fund option. NEST is a new workplace defined contribution pension scheme, into which UK employees who do not currently have access to an occupational pension scheme will gradually be auto-enrolled by 2017. This mandate provides long-term potential for business flows and further recognition of F&C's scale and leadership in sustainable investing. We see further opportunities for developing our presence in socially responsible investment arising from recent decisions by some other asset managers to scale back their resources and activities in this area.

The tough market environment for the retail/wholesale mutual fund business resulted in 2011 being a relatively subdued year for new product innovation across the industry. We closed a small number of funds and share classes which were sub-scale and where we saw little demand. In the UK, we continued to focus heavily on multi-manager products, including our Lifestyle risk-rated funds, where we are seeing support from Independent Financial Advisers (IFAs) seeking an outsourced core investment proposition for their clients. We have also been planning for the implementation of the recommendations of the Retail Distribution Review, which will replace the traditional commission-based IFA model with the explicit charging of fees for advice. The new regime will be fully implemented by the end of 2012 and therefore we are in the process of finalising our new fund pricing strategy.

F&C manages significant assets for a number of strategic partners: Achmea (The Netherlands), Millennium BCP (Portugal), Friends First (Ireland) and Friends Life (UK). These assets principally comprise insurance funds but also include sub-advised mutual funds and certain pension scheme assets. These are long standing relationships which have generally provided us with exclusivity to manage the assets of these partners for a minimum period of time. An exception to this is the Millennium BCP relationship in Portugal, which is principally represented by a BCP-Ageas insurance joint venture, where that exclusivity period has already come to an end. We are in discussions with BCP-Ageas regarding the longer-term nature of our business relationship.

At 31 December 2011 AUM for strategic partners were £60.2 billion (2010: £67.0 billion) representing 60 per cent. of our total AUM. Due to the lower fees that we receive for managing these assets, our revenue from strategic partners is considerably less at some 30 per cent. of 2011 revenues.

Friends Life has set out its intention to establish an in-house asset management function and, as previously disclosed, has served notice to withdraw £2.3 billion of assets at the end of this year. Our expectation is that all or most of the assets that we manage for Friends Life may be withdrawn at the expiration of the contractual exclusivity periods, which occur at various times up to October 2014. Our strategy, as set out in October 2011, anticipated this potential withdrawal and we intend to offset it through reductions of related costs and a focus on generating new business.

As disclosed in our Interim Report, the agreement to outsource certain back and middle office functions to State Street came into effect on 1 July with all impacted staff now transferred to State Street. The project has been managed successfully, with minimal disruption to client servicing. As we complete our move to State Street's strategic platform over the course of 2012, we expect to deliver the cost savings associated with this project.

Summary

While the macroeconomic outlook remains challenging and geopolitical instabilities persist, markets have begun to make headway in 2012 with the FTSE 100 Index rising 5.4 per cent. to the end of February. Encouragingly, our relative investment performance has also been strong in the first two months of 2012.

After six years as Chief Executive of F&C, this will be my last report as I will be retiring from the Board at the conclusion of the Annual General Meeting in May. It has been a privilege to serve as Chief Executive and in particular to guide F&C through a period which saw the two most significant market downturns in eighty years. I wish my colleagues on the Board and all of the staff at F&C every success for the future.

Alain Grisay
Chief Executive

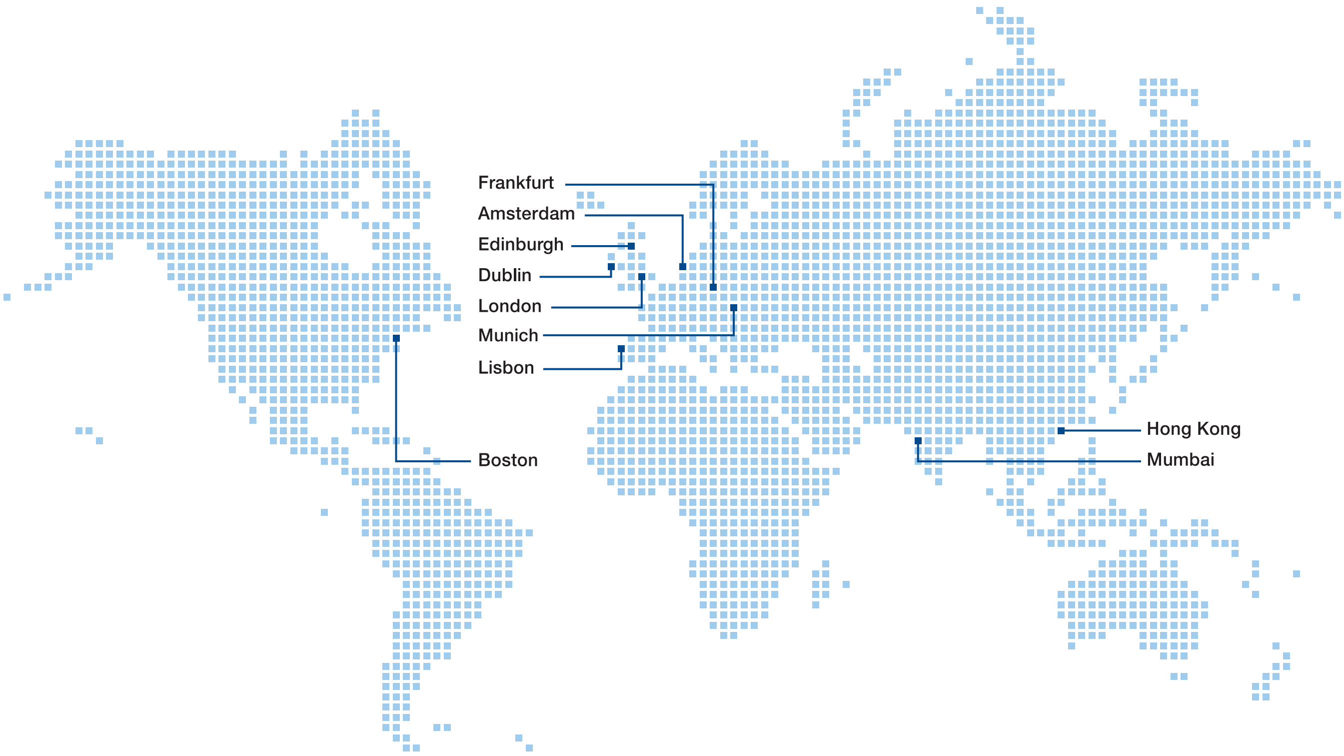
15 March 2012

The ongoing European sovereign debt crisis continued to cast a cloud of uncertainty over the global economy during 2011 as solvency fears spread beyond Greece, Ireland and Portugal to the much larger economies of Spain and Italy.

This is 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 insurance companies, institutional, retail and wholesale investors, representing over three million individuals – for whom we manage approximately £100 billion.



What we do

F&C's sole activity is asset management. 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 companies, institutional, wholesale and retail investors, across multiple geographies and jurisdictions, for whom we manage a diverse spread of investments including fixed income, equities, property and alternative asset classes.

How we manage money

With over 250 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 small, focused teams. 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

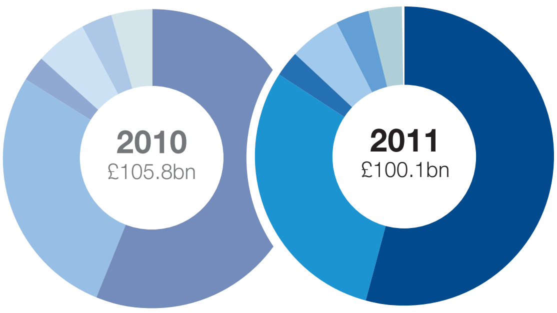
We seek to deliver strong investment performance through active management. However, as a shareholder representative, we seek to engage with the companies in which we invest, aiming to enhance and protect long-term shareholder value. Our approach is to have constructive dialogue with companies. We cast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

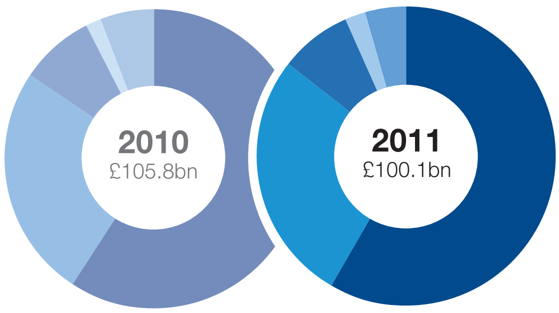
- **Investment management**
- **Effective strategy formulation and execution**
- **Loss of strategic partners**
- **Outsourced activities**
- **Euro currency**
- **Loss of key employees**
- **Regulatory compliance**

Assets Under Management by Client Category
as at 31 December



		2010 £bn	2011 £bn
1	Insurance Funds	59.5	**54.4**
2	Institutional Funds	29.3	**30.1**
3	Sub-Advisory	3.0	**2.7**
4	Investment Trusts	5.9	**5.6**
5	Open Ended Funds (UK Onshore)	3.5	**3.5**
6	Open Ended Funds (Offshore)	4.6	**3.8**

Assets Under Management by Asset Class
as at 31 December



		2010 £bn	2011 £bn
1	Fixed Interest	62.0	**59.2**
2	Equities	28.7	**25.5**
3	Property	8.2	**7.9**
4	Other Alternative Investments	2.4	**1.7**
5	Money Market	4.5	**5.8**

Our strategy

During the year the Board launched a comprehensive review of strategy. In October 2011, the results of the first phase of this review, covering the Group's corporate functions and institutional business, were announced. The review of strategy for the retail, wholesale, investment trust and property businesses is expected to be announced in May 2012. Strategic objectives announced in the first phase of the review include:

- Generating above-average shareholder returns with below-average volatility;
- Achieving competitive scale in areas of strategic focus; and
- Creating a stable environment for long-term growth.

In supporting these strategic objectives, the Group has identified the following priorities:

Resolving corporate uncertainty

The Board determined that concerns regarding the potential impact of a significant loss of strategic partner assets, together with F&C's level of expenses and borrowings, were creating uncertainty over the future outlook for the Group. Accordingly, the Board has:

- Provided a profile of strategic partner contract terms and profitability;
- Set out a cost reduction programme to preserve Group profitability in the event that strategic partner assets are withdrawn at the end of their exclusivity periods; and
- Clarified that its objective is both to maximise the retention of strategic partners' mandates beyond current exclusivity periods and to seek to add new insurance mandates.

Our 2012 priorities are to:

- Execute our cost reduction programme;
- Grow third-party institutional business;
- Develop new product areas for a re-risking scenario;
- Maximise the retention of strategic partner assets; and
- Utilise free cash flow, after dividends, to reduce gross and net debt.

Improving financial results

The Board believes that the Group's ability to execute its growth plans will be enhanced with improved profitability and a stronger balance sheet. Specific objectives include:

- Improving dividend cover, to provide shareholders with greater certainty of future payments;
- Providing for consistent investment in new products and distribution over time; and
- Creating the opportunity for improved employee compensation.

Our 2012 priorities are to:

- Deliver improved underlying earnings per share;
- Invest in core institutional products, which meet the Board's financial criteria. These criteria include scalability, high operating leverage and low revenue volatility;
- Focus institutional product development on areas with growing potential demand and which meet long-term client needs; and
- Integrate our investment and sales teams, through an enhanced marketing function, to improve product development.

Enhance employee motivation

The Board believe that employee motivation can be improved by providing a clear linkage of compensation to individual performance and Group objectives.

Our 2012 priorities are to:

- Revise the Group's objective-setting and performance appraisal process to set and monitor measurable individual objectives for key employees; and
- Deliver a remuneration structure that rewards employees for meeting individual objectives, whilst linking that reward to corporate earnings.

Improving marketing and product development

The strategic review identified a number of changes which could be made to the Group's marketing and product development functions to deliver improved institutional flows. These include:

- Investment in the sales and marketing functions;
- Aligning product development with evolving customer needs;
- Integrating the Group's investment process with its distribution approach; and
- Clarifying the Group's approach to each distribution channel.

Our 2012 priorities are to:

- Create a formal marketing strategy for the insurance sector and expand our dedicated sales resource;
- Better communicate the Group's overall positioning in the institutional market; and
- Selectively incubate new products in the wholesale channel for potential transfer to the institutional channel when sufficient track records and scale are achieved.

Whilst the change in priorities arising from the strategic review result in our 2012 goals differing significantly from our 2011 priorities, we have set out below our performance against our original 2011 goals and objectives.

Client service

2011 key points

- Completed the outsourcing of key operational functions without disrupting client service
- Transferred responsibility for investment trust client service and business development to our funds business
- Held a series of successful educational seminars for pension schemes trustees and a major investment conference for discretionary wealth managers

Key performance indicators

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

Investment performance

2011 key points

- 87 per cent. of fixed income assets were ahead of agreed index benchmarks or targets over three years as at year end
- 64 per cent. of equity assets were ahead of agreed index benchmarks or targets over three years as at the year end
- 98 per cent. of IPD monitored portfolios ahead of benchmark over three years as at the year end

Key performance indicators

Average percentage of Fixed Income assets above index benchmark or peer group on an asset weighted basis
% (3 years)

87	2011
72	2010
72	2009

Average percentage of Equity assets above index benchmark or peer group on an asset weighted basis
% (3 years)

64	2011
63	2010
72	2009

Average percentage of Property assets above index benchmark or peer group on an asset weighted basis
% (3 years)

98	2011
100	2010
100	2009

Grow new revenues and further diversify the client base

2011 key points

- Good progress with institutional investment consultants, with 70 product buy ratings achieved by the end of the year
- Generated £7.8 billion of new third-party business (ex. strategic partner flows), with a further pipeline of £1.2 billion in institutional mandates awaiting funding
- 20 new institutional clients added during the year

Key performance indicators

Gross institutional new business
£bn

5.1	2011
3.9	2010
2.5	2009

Net (outflows)/inflows in third-party mutual funds
£m

(170)	2011
425	2010
64	2009

Focus on higher margin and specialist areas for new business

2011 key points

- Average basis points (excluding performance fees) increased from 22.6 in 2010 to 24.4 in 2011
- Key institutional products include emerging market debt, equity-linked bond funds, 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 and global convertibles

Key performance indicators

Average basis points earned on assets under management*

24.4	2011
22.6	2010
21.8	2009
22.9	2008
22.5	2007

*excluding performance fees

Performance fees earned
£m

11.8	2011
12.9	2010
18.7	2009
7.9	2008
20.8	2007

Create greater flexibility in our cost base

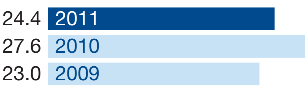
2011 key points

- Underlying operating costs reduced by £1.7 million
- Signed an agreement to outsource certain back and middle office functions to State Street to create an operational cost base that will adjust with assets under management and transaction levels. Annualised cost savings of this and related actions expected to be £12 million once fully implemented
- Launched a further cost reduction programme to deliver an additional £21m of annualised cost savings with full run-rate expected in 2013

Key performance indicators

Operating margin

%



Improve capital strength

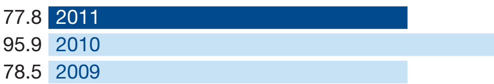
2011 key points

- Net debt reduced by £18.1 million
- Set out plans to reduce debt through the period to the expiry of the exclusivity periods on strategic partner contracts
- Debt reduction plans will enable the Group to substantially reduce its net interest expense

Key performance indicators

Net debt

£m



Company Directors

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Non-executive Directors

2 Keith Bedell-Pearce CBE

Senior Independent Director

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

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 Keith Jones*○

Independent Director

Mr Jones joined the Board in November 2011. Mr Jones is a former chief executive officer of Morley Fund Management and former CEO of NPI Investments and a past chairman of the Investment Committee of the Association of British Insurers. He currently holds non-executive positions at Just Retirement Holdings Ltd, Espirito Santo Investment Bank and Aon Hewitt, and advisory positions at Lloyds Bank and Permira LLP.

5 Jeff Medlock*†○

Independent Director

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

6 Derham O'Neill*†○

Independent Director

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).

7 Keith Percy○

Independent Director

Mr Percy joined the Board in November 2011. Mr Percy was most recently executive chairman and chief executive officer of Société Générale Asset Management UK and was previously chief executive of Morgan Grenfell Asset Management. He is a director of Brunner Investment Trust plc, Standard Life Equity Income Trust plc, Henderson Smaller Companies Trust plc, JP Morgan Japanese Investment Trust plc and The Childrens Mutual.

8 Kieran Poynter*†‡○

Independent Director

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.

Executive Directors

1 Edward Bramson‡

Executive Chairman

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

9 Alain Grisay

Chief Executive

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.

10 David Logan

Chief Financial Officer

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 & Compliance Committee
○ Member of the Risk Committee (created in March 2012)

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 2011**	31 Dec 2010**
Edward Bramson	Beneficial	**Nil**	Nil
	Non-Beneficial‡	**106,397,130**	96,329,200
Keith Bedell-Pearce	Beneficial	**51,285**	51,285
Ian Brindle	Beneficial	**Nil**	Nil
Alain Grisay	Beneficial†	**562,657**	2,062,657
	Non-Beneficial*	**64,176**	64,176
Keith Jones	Beneficial	**Nil**	Nil
David Logan	Beneficial	**344,627**	198,428
	Non-Beneficial*	**64,176**	64,176
Jeff Medlock	Beneficial	**20,000**	20,000
Derham O'Neill	Beneficial	**Nil**	Nil
Keith Percy	Beneficial	**Nil**	Nil
Kieran Poynter	Beneficial	**30,000**	30,000

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

† These shares include Mr Grisay's participation in the Purchased Equity Plan. At 31 December 2011, 493,810 shares in the Company are held within the Purchased Equity Plan for Mr Grisay as a result of a Compulsory Purchased Equity award made in 2010.

* 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.

Since the year end, the following Directors' dealings (and those of their connected persons) in the Company's shares have taken place:

- Mr Logan subscribes for £125 worth of shares each month under the Company's Share Incentive Plan; and
- On 15th March 2012, Alain Grisay sold 65,000 shares at a price of 70.12 pence per share.

Substantial interests in share capital

The Company has been informed of the following substantial interests, above 3 per cent. as at 23 March 2012:

	Ordinary Shares	Percentage
Sherborne	106,397,130	19.99
Fidelity Worldwide	53,158,667	9.99
Aviva	48,621,733	9.14
Sarasin & Partners	25,381,134	4.77
M&G Investments	18,606,636	3.50
Legal and General	16,365,403	3.07

Annual General Meeting (AGM)

The Company will hold its AGM on Wednesday, 9 May 2012 at Ironmongers Hall, Shaftesbury Place, Barbican, London EC2Y 8AA.

The Meeting will start at 10 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.

On 6 October 2011, Alain Grisay, the Company's Chief Executive, announced his intention to retire on conclusion of this year's Annual General Meeting. The Board are in the process of reviewing the Company's succession plans for the Chief Executive position and will make an announcement in due course.

On 25 November 2011, Messrs Jones and Percy joined the Board as independent Non-executive Directors.

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

Ordinary resolution 14 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 £177,355.19 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 £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 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 66.67 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 2013, 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.

Special resolution 15 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 £354,710.38 representing approximately 66.67 per cent. of the Company's total issued ordinary share capital (excluding treasury shares) as at the date of this report; and

(2) the maximum 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 14 and the power proposed to be granted by resolution 15 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 16 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 2013.

As at the date of this report, the Company had 105,957,664 options to subscribe for ordinary shares outstanding (representing 19.91 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 2012 AGM and is then utilised in full, the options outstanding at the date of this report would represent 22.12 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.

Notice of General Meetings

We are currently able to call general meetings (other than AGMs) on 14 days' notice. We are proposing Special resolution 17 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 17 will expire at the conclusion of the AGM to be held in 2013. It is the current intention of the Directors to renew this authority annually.

Extracts from the Directors' Report on Corporate Governance

The Group is committed to, and strives for, best practice in corporate governance. The Board is accountable to the Group's shareholders for good corporate governance. This statement describes how the principles of corporate governance set out in section one of the UK Corporate Governance Code issued in 2010 (the Code) have been applied.

Statement of compliance

The Directors consider that the Company has, throughout the year ended 31 December 2011 and up to the date hereof, applied the principles and met the requirements of the Code with the following exceptions:

- The Company did not comply with Code provision A.3.1 in that Mr Bramson, the Company's Chairman was, by virtue of his participation in Sherborne (the Company's largest shareholder), not independent on appointment.
- On 6 October 2011 Mr Grisay announced his intention to retire from the Board with effect from the conclusion of this year's Annual General Meeting. On the same date, the Company announced that Ed Bramson, the Company's Chairman, would take on the role of Executive Chairman to oversee the implementation of the strategic review that was underway at that time. Mr Bramson's appointment as Executive Chairman is for an interim period only. While the Board acknowledges that the temporary appointment of Ed Bramson as Executive Chairman does not meet the best practice guidance set out in the Code (Provision A.2.1), they believe it to be appropriate given the strategic review work being performed by Mr Bramson.

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 Wednesday, 9 May 2012.

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:

a) 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.

b) The Remuneration Policy should be aligned with the business strategy, objectives, values and long-term interests of F&C.

c) The quantum of total variable remuneration should not limit the ability of F&C to strengthen its capital base.

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

In applying its policy the Group 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.

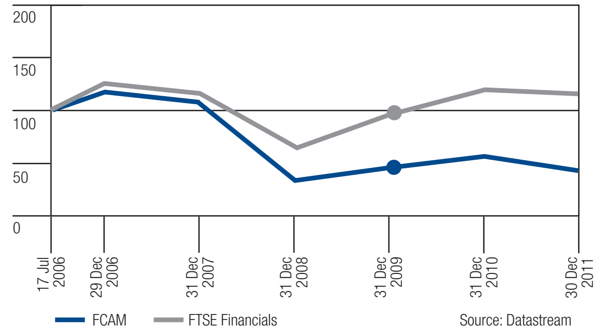
The total cash component of compensation is benchmarked to market median for solid performers and to upper quartile for exceptional performers. A range of benchmark data is used, based on comparable asset management businesses, with appropriate data being used for each geographic location.

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 2011. 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



Statement on Directors' Remuneration

The remuneration of the Executive Chairman and the other Directors who held office during the year ended 31 December 2011 is set out in the table below:

	Salary and fees 2011 £000	Bonus 2011 £000	Benefits and allowances 2011 £000	Total 2011 (excluding pension contribution) £000	Total 2010 (excluding pension contribution) £000	Pension Contributions 2011 £000	Total 2011 £000	Total 2010 £000
Executive Directors								
Alain Grisay	**350**	**800**	**11**	**1,161**	1,147	**22**	**1,183**	1,168
David Logan	**275**	**300**	**2**	**577**	585	**40**	**617**	623
Executive Chairman and Non-executive Directors								
Edward Bramson (Executive Chairman)[1]	**136**	**–**	**–**	**136**	–	**–**	**136**	–
Nick MacAndrew[2]	**14**	**–**	**–**	**14**	150	**–**	**14**	150
Keith Bedell-Pearce*	**114**	**–**	**–**	**114**	95	**–**	**114**	95
Ian Brindle[1]	**36**	**–**	**–**	**36**	–	**–**	**36**	–
Keith Jones[3]	**4**	**–**	**–**	**4**	–	**–**	**4**	–
Brian Larcombe[2]	**7**	**–**	**–**	**7**	73	**–**	**7**	73
Jeff Medlock	**55**	**–**	**–**	**55**	40	**–**	**55**	40
Derham O'Neill[1]	**51**	**–**	**–**	**51**	–	**–**	**51**	–
Keith Percy[3]	**4**	**–**	**–**	**4**	–	**–**	**4**	–
Gerrhard Roggemann[4]	**21**	**–**	**–**	**21**	62	**–**	**21**	62
Kieran Poynter*	**97**	**–**	**–**	**97**	57	**–**	**97**	57
Total	**1,164**	**1,100**	**13**	**2,277**	2,209	**62**	**2,339**	2,268

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

[1] Appointed to the Board in February 2011

[2] Removed from the Board in February 2011

[3] Appointed to the Board in November 2011

[4] Retired from the Board in May 2011

Edward Bramson's fees are paid to Sherborne. No other sums were paid to third parties in respect of any Director's services.

During 2011 Compulsory Purchased Equity awards made to Alain Grisay and David Logan in 2008 vested. Their gains on vesting, representing the gross value of the shares and the cash equivalent of re-invested dividends thereon, were £688,000 and £183,000 respectively.

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:

	2011 Number	2010 Number
Members of money purchase pension scheme	**2**	2

	2011 £000	2010 £000
Company contributions paid to money purchase pension schemes:		
Alain Grisay	**22**	21
David Logan	**40**	38

During the year, the Company paid a widow's pension of £102,000 (2010: £100,000) in respect of the pension benefits which had accrued to a former Chairman and £116,000 (2010: £nil) to Mr Jenkins, a former Chairman of the Company.

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 2011 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	Gain on vesting* £000 Alain Grisay	Gain on vesting* £000 David Logan
25 Mar 2008	Deferred	740,740	284,900	192.5p	–		
8 Jul 2009	Deferred	1,649,452	539,540	64.9p	–		
Opening position at 1 January 2011		**2,390,192**	**824,440**	**–**	**–**		
Deferred awards that vested during the year		(740,740)	(284,900)	192.5p	78.8p	722	278
Deferred awards that lapsed during the year		–	–	–	–		
Deferred awards remaining at 31 December 2011		**1,649,452**	**539,540**	**–**	**–**		

* The gain on vesting represents the gross value of shares and the cash equivalent of re-invested dividends thereon transferred on vesting.

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
4 May 2011	Restricted	1,978,729	837,001	77.8p

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

Independent Auditor's Statement

to the shareholders of F&C Asset Management plc

We have examined the Summary Annual Report and Financial Statements for the year ended 31 December 2011 set out on pages 19 to 24.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the 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 Summary Annual Report and Financial Statements with the full annual financial statements, the Directors' Remuneration Report and the Directors' 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 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. The other information comprises only the Chairman's Statement, the Chief Executive's Statement and the Corporate Governance Statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements, the Directors' Remuneration Report, and the Directors' Report.

Opinion

In our opinion the Summary Annual Report and Financial Statements is consistent with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report of F&C Asset Management plc for the year ended 31 December 2011 and complies with the applicable requirements of section 428 of the Companies Act 2006 , and the regulations made thereunder.

J. M. Mills

JM Mills (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edinburgh

23 March 2012

Consolidated Income Statement

for the year ended 31 December 2011

	2011 £m	2010 £m
Revenue		
Investment management fees	**279.0**	258.2
Other income	**4.2**	1.6
Total revenue	**283.2**	259.8
Fee and commission expenses	**(16.2)**	(16.6)
Net revenue	**267.0**	243.2
Net gains and investment income on unit-linked assets	**13.7**	74.3
Movement in fair value of unit-linked liabilities	**(13.4)**	(73.3)
Operating expenses		
Operating expenses	**(183.8)**	(169.7)
Distributions to members of LLPs	**(18.3)**	(6.0)
Amortisation of intangible assets – management contracts	**(45.8)**	(50.7)
Other exceptional net operating expenses	**(19.0)**	(20.9)
Total operating expenses	**(266.9)**	(247.3)
Operating profit/(loss)	**0.4**	(3.1)
Finance revenue	**17.2**	11.1
Finance costs	**(35.4)**	(33.6)
F&C REIT put option fair value gain	**8.7**	6.4
TRC acquisition consideration adjustments	**7.6**	—
Loss before tax	**(1.5)**	(19.2)
Tax – Shareholders	**4.1**	6.2
Tax – Policyholders	**–**	(0.4)
Tax income	**4.1**	5.8
Profit/(loss) for the year	**2.6**	(13.4)
Attributable to:		
Equity holders of the parent	**(0.5)**	(16.6)
Non-controlling interests	**3.1**	3.2
Profit/(loss) for the year	**2.6**	(13.4)
Basic loss per Ordinary Share	**(0.10)p**	(3.31)p
Diluted loss per Ordinary Share	**(0.10)p**	(3.31)p
	£m	£m
Memo – dividends paid	**15.6**	24.5
Memo – dividends proposed	**10.4**	10.3

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 £m	2010 £m
Profit/(loss) for the year	**2.6**	(13.4)
Other comprehensive (expense)/income:		
Foreign exchange movements on translation of foreign operations	**(2.0)**	(4.7)
Net actuarial gains on defined benefit pension schemes	**3.3**	10.4
Gains on available for sale financial investments	**1.5**	1.3
Realised gains on available for sale financial investments transferred to the Income Statement	**(3.3)**	–
Tax expense on items taken directly to equity	**(0.5)**	(3.5)
Foreign exchange transfer to Income Statement on liquidation of subsidiary	**–**	(1.3)
Other comprehensive (expense)/income for the year	**(1.0)**	2.2
Total comprehensive income/(expense) for the year	**1.6**	(11.2)
Total comprehensive income/(expense) attributable to:		
Equity holders of the parent	**(1.5)**	(14.4)
Non-controlling interests	**3.1**	3.2
	1.6	(11.2)

Consolidated Statement of Financial Position

as at 31 December 2011

	31 December 2011 £m	31 December 2010 £m
Assets		
Non-current assets		
Property, plant and equipment	**7.4**	8.3
Intangible assets:		
– Goodwill	**611.9**	611.9
– Management contracts	**128.6**	175.5
– Software and licences	**2.5**	1.0
	743.0	788.4
Financial investments	**1.7**	3.5
Other receivables	**1.1**	2.0
Deferred acquisition costs	**4.7**	6.0
Deferred tax assets	**28.3**	30.9
Total non-current assets	**786.2**	839.1
Current assets		
Financial investments	**454.4**	548.7
Reinsurance assets	**2.0**	2.0
Stock of units and shares	**0.9**	0.1
Deferred acquisition costs	**2.4**	2.8
Trade and other receivables	**83.9**	162.6
Current tax receivable	**0.7**	0.1
Cash and cash equivalents:		
– Shareholders	**196.9**	178.8
– Policyholders	**28.1**	23.4
	225.0	202.2
Total current assets	**769.3**	918.5
Total assets	**1,555.5**	1,757.6
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**273.8**	273.7
Other payables	**6.9**	12.1
Provisions	**7.3**	8.1
Pension deficit	**20.5**	27.6
Employee benefits	**5.9**	11.6
Deferred income	**7.0**	8.1
Other financial liabilities	**41.5**	49.5
Deferred tax liabilities	**32.4**	48.1
Total non-current liabilities	**395.3**	438.8
Current liabilities		
Investment contract liabilities	**472.8**	559.2
Insurance contract liabilities	**2.0**	2.0
Trade and other payables	**71.7**	138.5
Provisions	**8.5**	9.0
Employee benefits	**28.8**	24.3
Liabilities to members of LLPs	**4.7**	4.4
Deferred income	**3.3**	3.7
Other financial liabilities	**3.8**	4.5
Current tax payable	**7.8**	1.6
Total current liabilities	**603.4**	747.2
Total liabilities	**998.7**	1,186.0
Equity		
Ordinary Share capital	**0.5**	0.5
Share premium account	**51.8**	51.8
Capital redemption reserve	**0.8**	0.8
Merger reserve	**359.7**	383.3
Other reserves	**(22.8)**	(19.5)
Retained earnings	**154.3**	138.2
Total equity attributable to equity holders of the parent	**544.3**	555.1
Non-controlling interests	**12.5**	16.5
Total equity	**556.8**	571.6
Total liabilities and equity	**1,555.5**	1,757.6

The Summary Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 23 March 2012. They were signed on its behalf by:

Edward Bramson
Executive Chairman

Alain Grisay
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	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	Non-controlling interests £m	Total equity £m
Balance at 1 January 2010	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)
Transactions with owners:										
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 non-controlling 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**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.5)**	**3.1**	**2.6**
Other comprehensive (expense)/income	**–**	**–**	**–**	**–**	**(2.0)**	**(1.3)**	**–**	**2.3**	**–**	**(1.0)**
Total comprehensive (expense)/income	**–**	**–**	**–**	**–**	**(2.0)**	**(1.3)**	**–**	**1.8**	**3.1**	**1.6**
Transactions with owners:										
Realised element of merger reserve to offset amortisation of intangible assets	**–**	**–**	**–**	**(23.6)**	**–**	**–**	**–**	**23.6**	**–**	**–**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3.2)**	**–**	**(3.2)**
Share-based payment charges credited to equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17.3**	**–**	**17.3**
Consideration for non-controlling interests in F&C Partners LLP	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10.7)**	**–**	**(10.7)**
Tax credit associated with purchase of non-controlling interests in F&C Partners LLP	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2.9**	**–**	**2.9**
Final 2010 dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10.4)**	**–**	**(10.4)**
Interim 2011 dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5.2)**	**–**	**(5.2)**
Distributions to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7.1)**	**(7.1)**
Balance at 31 December 2011	**0.5**	**51.8**	**0.8**	**359.7**	**42.1**	**1.1**	**(66.0)**	**154.3**	**12.5**	**556.8**

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 £22.8m at 31 December 2011 (31 December 2010: £19.5m debit).

Cumulative defined benefit pension scheme actuarial losses recognised as at 31 December 2011 are £31.0m which are included in retained earnings (31 December 2010: £34.3m).

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.

Earnings per Share

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

Diluted loss per share amounts are calculated by dividing the loss 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.

Reconciliation of (loss)/earnings per Ordinary Share	2011 p	2010 (as restated*) p
Basic loss per Ordinary Share	**(0.10)**	(3.31)
Amortisation of intangibles	**5.61**	6.48
F&C REIT put option fair value gain	**(1.69)**	(1.28)
F&C Partners litigation expense	**0.16**	0.88
TRC Commutation expenses	**1.10**	1.24
Exceptional employment expense/(income)	**1.24**	(0.38)
F&C REIT variable NCI SBP income	**(0.93)**	(0.06)
TRC Management Retention and Incentive Plans	**0.80**	0.30
TRC integration expenses	**0.01**	0.18
Operations outsourcing expenses	**0.39**	–
TRC acquisition consideration adjustments	**(1.47)**	–
Deferred Tax – Corporation Tax rate change*	**0.39**	0.16
Corporate advisory fees	**–**	1.97
Foreign exchange transfer from reserves on liquidation of subsidiary	**–**	(0.26)
Prior year unrealised losses on forward currency contracts, now realised	**–**	(0.18)
Underlying earnings per Ordinary Share	**5.51**	5.74
Foreign exchange losses included within underlying earnings per share	**–**	0.28
Underlying earnings per Ordinary Share excluding foreign exchange losses	**5.51**	6.02

* As restated for the effect of the Deferred Tax – Corporation Tax rate change being excluded from underlying EPS.

	2011 p	2010 p
Diluted loss per Ordinary Share*	**(0.10)**	(3.31)
Diluted underlying earnings per Ordinary Share	**4.93**	5.52
Diluted underlying earnings per Ordinary Share excluding foreign exchange losses	**4.93**	5.79

* 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 2011 and 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 (loss)/earnings and share capital data used in the (loss)/earnings per share calculations:

	2011			2010 (as restated*)		
Reconciliation of (loss)/earnings	**Gross £m**	**Tax £m**	**Net £m**	Gross £m	Tax £m	Net £m
Loss attributable to ordinary equity holders of the parent for basic loss per share	**(4.0)**	**3.5**	**(0.5)**	(22.1)	5.5	(16.6)
Amortisation of intangibles[1]	**42.6**	**(13.7)**	**28.9**	47.3	(14.8)	32.5
F&C REIT put option fair value gain	**(8.7)**	**–**	**(8.7)**	(6.4)	–	(6.4)
F&C Partners litigation expense	**1.9**	**(1.1)**	**0.8**	6.0	(1.6)	4.4
TRC Commutation expenses	**5.7**	**–**	**5.7**	6.2	–	6.2
Exceptional employment expense/(income)[2]	**8.7**	**(2.3)**	**6.4**	(2.6)	0.7	(1.9)
F&C REIT variable NCI SBP income	**(4.8)**	**–**	**(4.8)**	(0.3)	–	(0.3)
TRC Management Retention and Incentive Plans	**4.6**	**(0.5)**	**4.1**	1.8	(0.3)	1.5
TRC integration expenses	**0.2**	**(0.1)**	**0.1**	1.1	(0.2)	0.9
Operations outsourcing expenses	**2.7**	**(0.7)**	**2.0**	–	–	–
TRC acquisition consideration adjustments	**(7.6)**	**–**	**(7.6)**	–	–	–
Deferred Tax – Corporation Tax rate change*	**–**	**2.0**	**2.0**	–	0.8	0.8
Corporate advisory fees	**–**	**–**	**–**	9.9	–	9.9
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)
Underlying earnings attributable to ordinary equity holders of the parent	**41.3**	**(12.9)**	**28.4**	38.3	(9.5)	28.8
Foreign exchange losses included within underlying earnings	**–**	**–**	**–**	2.0	(0.6)	1.4
Underlying earnings attributable to ordinary equity holders of the parent excluding foreign exchange losses	**41.3**	**(12.9)**	**28.4**	40.3	(10.1)	30.2

* As restated for the effect of the Deferred Tax – Corporation Tax rate change being excluded from underlying EPS.
(1) Excludes £2.0m (2010: £2.3m) of amortisation of intangibles (net of tax) which is attributable to NCI.
(2) Excludes £nil (2010: £0.1m) of costs (net of tax) which are attributable to NCI.

Share capital	**2011 No.**	2010 No.
Weighted average number of Ordinary Shares[3]	**515,372,721**	501,469,251
Dilutive potential weighted average number of Ordinary Shares	**575,158,617**	520,838,263

(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. This Five Year Record is not part of the audited Financial Statements.

	2007 £m	2008 (as restated*) £m	2009 £m	2010 £m	**2011 £m**
Consolidated Income Statements					
Revenue					
Investment management fees	267.2	244.2	237.8	258.2	**279.0**
Other income	10.6	1.1	4.1	1.6	**4.2**
Total revenue	277.8	245.3	241.9	259.8	**283.2**
Fee and commission expenses	(13.3)	(15.4)	(16.8)	(16.6)	**(16.2)**
Net revenue	264.5	229.9	225.1	243.2	**267.0**
Net gains/(losses) and investment income on unit-linked assets	45.0	(208.7)	136.0	74.3	**13.7**
Movement in fair value of unit-linked liabilities	(43.9)	210.5	(134.6)	(73.3)	**(13.4)**
Operating expenses					
Operating expenses	(183.8)	(171.0)	(164.8)	(169.7)	**(183.8)**
Distributions to members of LLPs	–	–	–	(6.0)	**(18.3)**
Amortisation of intangible assets – management contracts	(42.4)	(48.9)	(49.8)	(50.7)	**(45.8)**
Impairment of intangible assets – management contracts	–	(48.3)	–	–	**–**
Unrealised (losses)/gains on forward currency contracts	–	(12.3)	1.2	–	**–**
Other exceptional net operating costs	(10.6)	(10.6)	(19.0)	(20.9)	**(19.0)**
Total operating expenses	(236.8)	(291.1)	(232.4)	(247.3)	**(266.9)**
Operating profit/(loss)	28.8	(59.4)	(5.9)	(3.1)	**0.4**
Finance revenue	23.8	25.7	11.5	11.1	**17.2**
Finance costs	(27.3)	(29.4)	(30.3)	(33.6)	**(35.4)**
F&C REIT put option fair value gain	–	–	5.6	6.4	**8.7**
TRC acquisition consideration adjustments	–	–	–	–	**7.6**
Gain on debt exchange	–	–	27.9	–	**–**
Loss on disposal of subsidiaries and associates	–	(4.1)	–	–	**–**
Impairment in associates and other financial investments	–	(0.1)	(0.1)	–	**–**
Share of profit of associates	0.6	–	–	–	**–**
Profit/(loss) before tax	25.9	(67.3)	8.7	(19.2)	**(1.5)**
Tax – Shareholders	(6.6)	17.6	10.4	6.2	**4.1**
Tax – Policyholders	(0.6)	(0.9)	(0.4)	(0.4)	**–**
Tax (expense)/income	(7.2)	16.7	10.0	5.8	**4.1**
Profit/(loss) for the year	18.7	(50.6)	18.7	(13.4)	**2.6**
Attributable to:					
Equity holders of the parent	17.1	(52.5)	15.9	(16.6)	**(0.5)**
Non-controlling interests	1.6	1.9	2.8	3.2	**3.1**
Profit/(loss) for the year	18.7	(50.6)	18.7	(13.4)	**2.6**
Underlying earnings per Ordinary Share#	10.43p	7.75p	4.57p	5.74p	**5.51p**
Basic earnings/(loss) per Ordinary Share	3.54p	(10.66)p	3.24p	(3.31)p	**(0.10)p**
Diluted earnings/(loss) per Ordinary Share	3.43p	(10.66)p	3.19p	(3.31)p	**(0.10)p**
Dividends					
Memo					
Final dividend for 2006, 2007, 2008, 2009 and 2010	33.8	19.7	19.8	19.4	**10.4**
Interim dividend for 2007, 2008, 2009, 2010 and 2011	9.7	9.9	9.7	5.1	**5.2**
	43.5	29.6	29.5	24.5	**15.6**
Final dividend per Ordinary Share for 2006, 2007, 2008, 2009 and 2010	7.0p	4.0p	4.0p	4.0p	**2.0p**
Interim dividend per Ordinary Share for 2007, 2008, 2009, 2010 and 2011	2.0p	2.0p	2.0p	1.0p	**1.0p**
Dividend cover†	0.39	(1.78)	0.54	(0.68)	**(0.03)**
Dividend cover before exceptional items†#	1.16	1.29	0.76	1.17	**1.82**

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

\# As restated in 2007, 2008, 2009 and 2010 for the effect of the Deferred Tax – Corporation Tax rate change being excluded from Underlying EPS.

† Based on the dividends paid during 2007, 2008, 2009, 2010 and 2011.

Reconciliations of reported to underlying earnings

The following tables reconcile the reported earnings to underlying earnings attributable to equityholders of the parent. In addition, the calculation of certain key performance indicators is given below.

Year ended 31 December 2011

	£ millions unless otherwise stated		Underlying Group Earnings		Profit attributable to equity holders of the parent	
		Reported earnings	Adjustments	Adjusted Income Statement	Non-controlling interests profits*	Underlying earnings
A	**Net Revenue**	**267.0**	**–**	**267.0**	**–**	**267.0**
	Net policyholder income	0.3	–	0.3	–	0.3
	Operating expenses	(183.8)	–	(183.8)	–	(183.8)
	Distributions to members of LLPs	(18.3)	–	(18.3)	–	(18.3)
	Amortisation of intangible assets	(45.8)	45.8	–	–	–
	Other exceptional net operating expenses	(19.0)	19.0	–	–	–
	Total operating expenses	**(266.9)**	**64.8**	**(202.1)†**	**–**	**(202.1)**
B	**Operating profit**	**0.4**	**64.8**	**65.2**	**–**	**65.2**
	Interest paid	(23.8)	–	(23.8)	–	(23.8)
	Interest and investment income received	5.7	–	5.7	–	5.7
	F&C REIT put option fair value gain	8.7	(8.7)	–	–	–
	TRC acquisition consideration adjustments	7.6	(7.6)	–	–	–
	Other non-operating items	(0.1)	–	(0.1)	–	(0.1)
	Non-controlling interests profits	–	–	–	(5.7)	(5.7)
	(Loss)/profit before tax	**(1.5)**	**48.5**	**47.0‡**	**(5.7)**	**41.3**
	Tax income/(expense)	4.1	(17.6)	(13.5)	0.6	(12.9)
C	**Profit for the year**	**2.6**	**30.9**	**33.5**	**(5.1)**	**28.4**
	Underlying EPS (C÷D)					**5.5p**
	Underlying operating margin (B÷A)			**24.4%**		
D	**Weighted average number of shares (000's)**					**515,373**

* Excluding NCI share of amortisation of intangible assets.
† Defined as 'underlying operating costs'.
‡ Defined as 'Group underlying profit before tax'.

Year ended 31 December 2010

	£ millions unless otherwise stated		Underlying Group Earnings		Profit attributable to equity holders of the parent	
		Reported earnings	Adjustments	Adjusted Income Statement	Non-controlling interests profits*	Underlying earnings
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)**	**–**	**(171.0)**
	Distributions 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)†**	**–**	**(177.0)**
B	**Operating (loss)/profit**	**(3.1)**	**70.3**	**67.2**	**–**	**67.2**
	Interest paid	(22.3)	–	(22.3)	–	(22.3)
	Interest and investment income received	1.6	–	1.6	–	1.6
	F&C REIT put option fair value gain	6.4	(6.4)	–	–	–
	Other non–operating items	(1.8)	–	(1.8)	–	(1.8)
	Non-controlling interests profits	–	–	–	(6.4)	(6.4)
	(Loss)/profit before tax	**(19.2)**	**63.9**	**44.7‡**	**(6.4)**	**38.3**
	Tax income/(expense)	5.8	(16.0)	(10.2)	0.7	(9.5)
C	**(Loss)/profit for year**	**(13.4)**	**47.9**	**34.5**	**(5.7)**	**28.8**
	Underlying EPS (C÷D)					**5.7p**
	Underlying operating margin (B÷A)			**27.6%**		
D	**Weighted average number of shares (000's)**					**501,469**

* Excluding NCI share of amortisation of intangible assets and other exceptional costs.
† Defined as 'underlying operating costs'.
‡ Defined as 'Group underlying profit before tax'.

Notice of Annual General Meeting

Notice is hereby given that the thirty-second Annual General Meeting of F&C Asset Management plc will be held at Ironmongers Hall, Shaftesbury Place, Barbican, London EC2Y 8AA on Wednesday 9 May 2012 at 10 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 Auditor for the year ended 31 December 2011.
2. To declare a final dividend of 2.0 pence per share on the ordinary shares of the Company to be paid on 25 May 2012 to members whose name appears on the register of members at the close of business on 30 March 2012.
3. To elect Keith Jones as a Director.
4. To elect Keith Percy as a Director.
5. To re-elect Edward Bramson as a Director.
6. To re-elect Keith Bedell-Pearce as a Director.
7. To re-elect Ian Brindle as a Director.
8. To re-elect David Logan as a Director.
9. To re-elect Jeff Medlock as a Director.
10. To re-elect Derham O'Neill as a Director.
11. To re-elect Kieran Poynter as a Director.
12. To approve the Directors' Remuneration Report for the year ended 31 December 2011.
13. To re-appoint KPMG Audit Plc as Auditor 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.
14. 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 £354,710.38 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 2013, 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:

15. THAT:

    (A) subject to the passing of resolution 14 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.

16. 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 22 March 2012);

(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 2013, 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 a special resolution:

17. 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 2013.

By order of the Board

W Marrack Tonkin, FCCA
Secretary

80 George Street
Edinburgh EH2 3BU

23 March 2012

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 10 a.m. (UK time) on 4 May 2012.

(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 10 a.m. (UK time) on 4 May 2012. 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 Friday, 4 May 2012 (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.fcamplc.com.

(xii) As at 22 March 2012 (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 22 March 2012 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; 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 10 a.m. (UK time) on 4 May 2012. 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.

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, Executive Chairman‡
Alain Grisay, Chief Executive
Keith Bedell-Pearce, Senior Independent Non-executive*†‡
Ian Brindle, Non-executive
Keith Jones, Non-executive*°
David Logan, Chief Financial Officer
Jeff Medlock, Non-executive*†°
Derham O'Neill, Non-executive*†°
Keith Percy, Non-executive°
Kieran Poynter, Non-executive*†‡°

‡ Member of Nomination Committee
* Member of Remuneration Committee
† Member of Audit & Compliance Committee
° Member of the Risk 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 Marrack 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 Banker

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

Stockbrokers

J.P. Morgan Cazenove
10 Aldermanbury
London
EC2V 7RF

Jeffries Hoare Govett
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

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

Auditor

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.fcamplc.com

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 (10 a.m. (UK time) on 4 May 2012) 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.

F&C Asset Management plc
Head Office: **Exchange House Primrose Street London EC2A 2NY**
Telephone: **020 7628 8000** Email: **enquiries@fandc.com**

Website: **www.fcamplc.com**