

Invesco Ltd.
Form 10-Q/A
October 31, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q/A
(Amendment No. 1)
(Mark One)

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

For the quarterly period ended June 30, 2012

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

For the transition period from _____ to _____
Commission file number 1-13908

Invesco Ltd.
(Exact Name of Registrant as Specified in Its Charter)

Bermuda 98-0557567
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

1555 Peachtree Street, N.E., Suite 1800, Atlanta, GA 30309
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (404) 892-0896

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

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As of June 30, 2012, the most recent practicable date, 445,225,166 of the company's common shares par value \$0.20 per share, were outstanding.

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Explanatory Note

This amendment (the “Amendment”) to the Quarterly Report on Form 10-Q for the interim period June 30, 2012, of Invesco Ltd. (the “Original Form 10-Q”) is being filed for the purposes of revising Note 12 - Guarantor Condensed Consolidating Financial Statements (the “Guarantor Footnote”) - in order to conform to the requirements of Rule 3-10 of Regulation S-X, including:

- grossing up the intercompany balances among the Guarantors, non-Guarantors, Issuer and Parent entities and
- (i) presenting them as current and non-current intercompany receivables and payables on the Guarantor Condensed Consolidating Balance Sheets,
- (ii) grossing up the intercompany revenue and expense sharing transactions on the Guarantor Condensed Consolidating Statements of Income, and
- (iii) correcting the classification of certain intercompany loan, capital, and dividend activity as financing cash flows on the Guarantor Condensed Consolidating Statements of Cash Flows.

These corrections within in the Guarantor Footnote concern presentation and categorization of intercompany balances and transactions. Consequently, none of the corrections affect Invesco Ltd.'s primary consolidated financial statements, including the Consolidated Balance Sheets, Statements of Income and Statements of Cash Flows.

The primary purpose of the Guarantor Footnote is to provide financial information to the holders of the company's publicly-traded debt instruments. The corrections to the presentation do not affect compliance with the company's liquidity or debt covenants and do not result in a default under any of the terms of our debt instruments.

This Amendment solely modifies Part I, Item 1, and Part II, Item 6 of the Original Form 10-Q. All other Items of the Original Form 10-Q are unaffected by this Amendment and such Items have not been included in this Amendment. Information included in this Amendment is stated as of June 30, 2012, and does not reflect any subsequent events occurring after the filing of the Original Form 10-Q.

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

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SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

- variations in demand for our investment products or services, including termination or non-renewal of our investment advisory agreements;
- significant changes in net asset flows into or out of the accounts we manage or declines in market value of the assets in, or redemptions or other withdrawals from, those accounts;
- enactment of adverse state, federal or foreign legislation or changes in government policy or regulation (including accounting standards) affecting our operations, our capital requirements or the way in which our profits are taxed;
- significant fluctuations in the performance of debt and equity markets worldwide;
- exchange rate fluctuations, especially as against the U.S. Dollar;
- the effect of economic conditions and interest rates in the U.S. or globally;
- our ability to compete in the investment management business;
- the effect of consolidation in the investment management business;
- limitations or restrictions on access to distribution channels for our products;
- our ability to attract and retain key personnel, including investment management professionals;
- the investment performance of our investment products;
- our ability to acquire and integrate other companies into our operations successfully and the extent to which we can realize anticipated cost savings and synergies from such acquisitions;
- changes in regulatory capital requirements;
- our debt and the limitations imposed by our credit facility;
- the effect of failures or delays in support systems or customer service functions, and other interruptions of our operations;
- the occurrence of breaches and errors in the conduct of our business, including any failure to properly safeguard confidential and sensitive information;
- the execution risk inherent in our ongoing company-wide transformational initiatives;
- the effect of political or social instability in the countries in which we invest or do business;
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the effect of terrorist attacks in the countries in which we invest or do business and the escalation of hostilities that could result therefrom;

• war and other hostilities in or involving countries in which we invest or do business; and

• adverse results in litigation, including private civil litigation related to mutual fund fees and any similar potential regulatory or other proceedings.

Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized may also cause actual results to differ materially from those projected. For more discussion of the risks affecting us, please refer to Part I, Item 1A, “Risk Factors” in our Form 10-K.

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

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Invesco Ltd.

Condensed Consolidated Balance Sheets

(Unaudited)

\$ in millions, except share data	As of June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	718.4	727.4
Cash and cash equivalents of consolidated investment products	380.5	382.3
Unsettled fund receivables	487.1	444.4
Accounts receivable	398.4	424.4
Accounts receivable of consolidated investment products	114.7	98.5
Investments	344.5	283.7
Prepaid assets	51.4	51.2
Other current assets	88.4	150.0
Deferred tax asset, net	24.2	28.7
Assets held for policyholders	1,065.4	1,243.5
Total current assets	3,673.0	3,834.1
Non-current assets:		
Investments	218.8	200.8
Investments of consolidated investment products	6,050.9	6,629.0
Security deposit assets and receivables	75.0	81.2
Other non-current assets	18.4	17.9
Deferred sales commissions	43.8	40.5
Property and equipment, net	314.6	312.8
Intangible assets, net	1,302.3	1,322.8
Goodwill	6,916.1	6,907.9
Total non-current assets	14,939.9	15,512.9
Total assets	18,612.9	19,347.0
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of total debt	333.5	215.1
Unsettled fund payables	472.7	439.6
Income taxes payable	50.1	59.6
Other current liabilities	616.0	841.5
Other current liabilities of consolidated investment products	187.0	175.1
Policyholder payables	1,065.4	1,243.5
Total current liabilities	2,724.7	2,974.4
Non-current liabilities:		
Long-term debt	1,008.1	1,069.6
Long-term debt of consolidated investment products	5,069.7	5,512.9
Deferred tax liabilities, net	307.8	274.0
Security deposits payable	75.0	81.2
Other non-current liabilities	308.8	297.3
Total non-current liabilities	6,769.4	7,235.0

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Total liabilities	9,494.1	10,209.4
Commitments and contingencies (See Note 10)		
Equity:		
Equity attributable to common shareholders:		
Common shares (\$0.20 par value; 1,050.0 million authorized; 490.4 million shares issued as of June 30, 2012 and December 31, 2011)	98.1	98.1
Additional paid-in-capital	6,100.2	6,180.6
Treasury shares	(1,301.5) (1,280.4)
Retained earnings	2,627.3	2,413.2
Retained earnings appropriated for investors in consolidated investment products	251.8	334.3
Accumulated other comprehensive income, net of tax	389.9	373.3
Total equity attributable to common shareholders	8,165.8	8,119.1
Equity attributable to noncontrolling interests in consolidated entities	953.0	1,018.5
Total equity	9,118.8	9,137.6
Total liabilities and equity	18,612.9	19,347.0
See accompanying notes.		

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Invesco Ltd.
Condensed Consolidated Statements of Income
(Unaudited)

\$ in millions, except per share data	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Operating revenues:				
Investment management fees	780.6	819.1	1,572.0	1,611.4
Service and distribution fees	187.1	211.4	376.1	410.1
Performance fees	15.4	7.6	35.9	11.4
Other	25.9	31.9	58.7	64.4
Total operating revenues	1,009.0	1,070.0	2,042.7	2,097.3
Operating expenses:				
Employee compensation	304.6	318.3	623.1	624.2
Third-party distribution, service and advisory	316.6	341.8	633.7	666.3
Marketing	26.6	26.1	53.3	51.8
Property, office and technology	68.5	61.9	135.3	125.9
General and administrative	88.7	77.6	162.0	151.2
Transaction and integration	1.1	11.3	2.6	19.2
Total operating expenses	806.1	837.0	1,610.0	1,638.6
Operating income	202.9	233.0	432.7	458.7
Other income/(expense):				
Equity in earnings of unconsolidated affiliates	6.9	10.8	16.6	17.5
Interest and dividend income	2.2	2.4	4.6	4.5
Interest income of consolidated investment products	68.7	79.8	137.7	154.0
Other gains/(losses) of consolidated investment products, net	77.2	(64.7)	(44.7)	(150.2)
Interest expense	(13.4)	(16.0)	(27.0)	(32.2)
Interest expense of consolidated investment products	(46.9)	(46.5)	(92.5)	(86.5)
Other gains and losses, net	(7.7)	6.0	10.9	13.9
Income before income taxes	289.9	204.8	438.3	379.7
Income tax provision	(62.3)	(75.4)	(135.9)	(151.0)
Net income	227.6	129.4	302.4	228.7
Net (income)/loss attributable to noncontrolling interests in consolidated entities, net	(73.7)	53.6	45.4	131.8
Net income attributable to common shareholders	153.9	183.0	347.8	360.5
Earnings per share:				
— basic	\$0.34	\$0.39	\$0.77	\$0.77
— diluted	\$0.34	\$0.39	\$0.76	\$0.77
Dividends declared per share	\$0.1725	\$0.1225	\$0.2950	\$0.2325
See accompanying notes.				

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Invesco Ltd.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

\$ in millions	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Net income	227.6	129.4	302.4	228.7
Other comprehensive income, before tax:				
Currency translation differences on investments in overseas subsidiaries	(115.9)	31.6	(16.1)	152.3
Change in accumulated other comprehensive income related to employee benefit plans	2.0	0.2	0.9	10.2
Change in accumulated other comprehensive income of equity method investments	1.0	(2.3)	3.0	(1.1)
Change in net unrealized gains on available-for-sale investments	(2.1)	(2.9)	3.4	(2.6)
Other comprehensive income (loss), before tax	(115.0)	26.6	(8.8)	158.8
Income tax related to items of other comprehensive income:				
Tax benefit (expense) on foreign currency translation adjustments	0.8	(0.8)	0.8	(0.8)
Tax benefit (expense) on comprehensive income related to employee benefit plans	(0.5)	(0.1)	(0.2)	(2.5)
Tax benefit (expense) on change in net unrealized gains on available-for-sale investments	0.3	0.1	0.2	0.1
Total income tax benefit (expense) related to items of other comprehensive income	0.6	(0.8)	0.8	(3.2)
Other comprehensive income, net of tax	(114.4)	25.8	(8.0)	155.6
Total comprehensive income	113.2	155.2	294.4	384.3
Comprehensive loss (income) attributable to noncontrolling interests in consolidated entities	(50.5)	56.6	70.0	125.2
Comprehensive income attributable to common shareholders	62.7	211.8	364.4	509.5
See accompanying notes.				

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Invesco Ltd.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

\$ in millions	Six months ended June	
	2012	2011
Operating activities:		
Net income	302.4	228.7
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Amortization and depreciation	50.9	60.0
Share-based compensation expense	67.0	56.8
Gains on disposal of property, equipment, and software, net	(0.5)	—
Purchase of trading investments	(5,210.0)	(5,556.8)
Proceeds from sale of trading investments	5,200.8	5,516.5
Other gains and losses, net	(10.9)	(13.9)
(Gains)/losses of consolidated investment products, net	44.7	150.2
Tax benefit from share-based compensation	42.3	72.2
Excess tax benefits from share-based compensation	(12.0)	(15.1)
Equity in earnings of unconsolidated affiliates	(16.6)	(17.5)
Dividends from unconsolidated affiliates	13.1	3.0
Changes in operating assets and liabilities:		
(Increase)/decrease in cash held by consolidated investment products	(45.9)	31.5
(Increase)/decrease in receivables	263.1	(260.4)
Increase/(decrease) in payables	(441.2)	(109.2)
Net cash (used in)/provided by operating activities	247.2	146.0
Investing activities:		
Purchase of property and equipment	(37.2)	(40.7)
Disposal of property and equipment	0.6	—
Purchase of available-for-sale investments	(67.5)	(28.0)
Proceeds from sale of available-for-sale investments	23.8	36.6
Purchase of investments by consolidated investment products	(1,584.6)	(2,075.3)
Proceeds from sale of investments by consolidated investment products	1,492.1	2,376.4
Purchase of other investments	(63.4)	(61.4)
Proceeds from sale of other investments	46.2	23.7
Returns of capital and distributions from unconsolidated partnership investments	8.7	18.9
Acquisition of businesses	—	(14.9)
Acquisition earn-out payments	(5.6)	(5.4)
Net cash (used in)/provided by investing activities	(186.9)	229.9
Financing activities:		
Proceeds from exercises of share options	12.1	9.9
Purchases of treasury shares	(150.0)	(333.0)
Dividends paid	(133.7)	(108.5)
Excess tax benefits from share-based compensation	12.0	15.1
Capital invested into consolidated investment products	19.4	32.5
Capital distributed by consolidated investment products	(35.5)	(134.9)
Net borrowings/(repayments) of debt of consolidated investment products	145.7	(246.3)
Net borrowings/(repayments) under credit facility	272.0	268.0
Repayments of senior notes	(215.1)	—
Acquisition of interest in consolidated investment products	—	(12.3)

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Net cash (used in)/provided by financing activities	(73.1)	(509.5)
(Decrease)/increase in cash and cash equivalents	(12.8)	(133.6)
Foreign exchange movement on cash and cash equivalents	3.8		14.6	
Cash and cash equivalents, beginning of period	727.4		740.5	
Cash and cash equivalents, end of period	718.4		621.5	
Supplemental Cash Flow Information:				
Interest paid	(26.4)	(27.2)
Interest received	2.5		4.5	
Taxes paid	(96.2)	(109.9)
See accompanying notes.				

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Invesco Ltd.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

\$ in millions	Equity Attributable to Common Shareholders							Noncontrolling Interests in Consolidated Entities	Total Equity
	Common Shares	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Retained Earnings Appropriated for Investors in Consolidated Investment Products	Accumulated Other Comprehensive Income	Total Attributable Equity Common Shareholders		
January 1, 2012	98.1	6,180.6	(1,280.4)	2,413.2	334.3	373.3	8,119.1	1,018.5	9,137.6
Net income	—	—	—	347.8	—	—	347.8	(45.4)	302.4
Other comprehensive income	—	—	—	—	—	16.6	16.6	(24.6)	(8.0)
Total comprehensive income							364.4	(70.0)	294.4
Net income (loss) reclassified to appropriated retained earnings	—	—	—	—	(26.4)	—	(26.4)	26.4	—
Currency translation differences on investments in overseas subsidiaries reclassified to appropriated retained earnings	—	—	—	—	(8.5)	—	(8.5)	8.5	—
Deconsolidation of consolidated investment products	—	—	—	—	(47.6)	—	(47.6)	—	(47.6)
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(30.4)	(30.4)
Dividends	—	—	—	(133.7)	—	—	(133.7)	—	(133.7)
Employee share plans:									
Share-based compensation	—	67.0	—	—	—	—	67.0	—	67.0
Vested shares	—	(147.7)	147.7	—	—	—	—	—	—
Exercise of options	—	(11.7)	23.8	—	—	—	12.1	—	12.1
Tax impact of share-based payment	—	12.0	—	—	—	—	12.0	—	12.0
Purchase of shares	—	—	(192.6)	—	—	—	(192.6)	—	(192.6)

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June 30, 2012	98.1	6,100.2	(1,301.5)	2,627.3	251.8	389.9	8,165.8	953.0	9,118.8
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See accompanying notes.

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Invesco Ltd.
Condensed Consolidated Statements of Changes in Equity (continued)
(Unaudited)

\$ in millions	Equity Attributable to Common Shareholders				Retained Earnings Appropriated for Investors in Consolidated Investment Products	Accumulated Other Comprehensive Income	Total Equity Attributable to Common Shareholders	Non-Controlling Interests in Consolidated Entities	Total Equity
	Common Shares	Additional Paid-in-Capital	Treasury Shares	Retained Earnings					
January 1, 2011	98.1	6,262.6	(991.5)	1,904.4	495.5	495.5	8,264.6	1,096.3	9,360.9
Net income	—	—	—	360.5	—	—	360.5	(131.8)	228.7
Other comprehensive income	—	—	—	—	—	149.0	149.0	6.6	155.6
Total comprehensive income	—	—	—	—	—	—	509.5	(125.2)	384.3
Net income (loss) reclassified to appropriated retained earnings	—	—	—	—	(170.2)	—	(170.2)	170.2	—
Currency translation differences on investments in overseas subsidiaries reclassified to appropriated retained earnings	—	—	—	—	14.9	—	14.9	(14.9)	—
Change in noncontrolling interests in consolidated entities, net	—	—	—	—	—	—	—	(116.9)	(116.9)
Dividends	—	—	—	(108.5)	—	—	(108.5)	—	(108.5)
Employee share plans:									
Share-based compensation	—	56.8	—	—	—	—	56.8	—	56.8
Vested shares	—	(175.6)	175.6	—	—	—	—	—	—
Exercise of options	—	(6.3)	16.2	—	—	—	9.9	—	9.9
Tax impact of share-based payment	—	15.1	—	—	—	—	15.1	—	15.1
Purchase of shares	—	—	(403.8)	—	—	—	(403.8)	—	(403.8)

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June 30, 2011	98.1	6,152.6	(1,203.5)	2,156.4	340.2	644.5	8,188.3	1,009.5	9,197.8
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See accompanying notes.

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Invesco Ltd.

Notes to the Condensed Consolidated Financial Statements

1. ACCOUNTING POLICIES

Corporate Information

Invesco Ltd. (Parent) and all of its consolidated entities (collectively, the company or Invesco) provide retail, institutional and high-net-worth clients with an array of global investment management capabilities. The company's sole business is investment management.

Basis of Accounting and Consolidation

In the opinion of management, the unaudited Condensed Consolidated Financial Statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair presentation of the financial condition and results of operations for the interim periods presented. All significant intercompany transactions, balances, revenues and expenses are eliminated upon consolidation.

The Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and consolidate the financial statements of the Parent, all of its controlled subsidiaries, any variable interest entities (VIEs) required to be consolidated, and any non-VIE general partnership investments where the company is deemed to have control. Control is deemed to be present when the Parent, directly or indirectly, holds a majority voting interest or otherwise has the power to govern the financial and operating policies of the subsidiary so as to obtain the benefits from its activities.

Certain disclosures included in the company's annual report are not required to be included on an interim basis in the company's quarterly reports on Forms 10-Q. The company has condensed or omitted these disclosures. Therefore, this Form 10-Q (Report) should be read in conjunction with the company's annual report on Form 10-K for the year ended December 31, 2011, which was filed with the U.S. Securities and Exchange Commission on February 24, 2012.

Use of Estimates

In preparing the financial statements, company management is required to make estimates and assumptions that affect reported revenues, expenses, assets, liabilities and disclosure of contingent liabilities. The primary estimates relate to investment valuation, goodwill and intangible impairment, and taxes. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Accounting Pronouncements Recently Adopted and Pending Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update 2011-04, "Fair Value Measurements: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements" (ASU 2011-04). ASU 2011-04 amends Topic 820 to clarify existing fair value measurement disclosures to (1) specifically provide quantitative information about the significant unobservable inputs used for all level 3 measurements and (2) disclose any transfers between levels 1 and 2 of the fair value hierarchy, not just significant transfers. ASU 2011-04 also requires a number of additional disclosures regarding fair value measurements. Specifically, ASU 2011-04 requires entities to disclose: (1) a qualitative discussion about the sensitivity of recurring level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs; (2) a description of the company's valuation processes surrounding level 3 measurements; (3) information about when the current use of a non-financial asset measured at fair value differs from its highest and best use; and (4) the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. ASU 2011-04 amends Topic 820 to change the fair value measurement of financial instruments and the application of premiums and discounts in a fair value measurement. ASU 2011-04 also clarifies existing fair value measurement regarding the concepts of valuation premise, the application of the highest and best use, and the fair value measurement of an instrument classified in an entity's shareholders' equity. The adoption of ASU 2011-04 did not have an effect on the company's current fair value measurements but led to increased disclosures related to the assets and liabilities of the company's consolidated investment products that are classified as level 3 assets within the fair value hierarchy. The amendments to Topic 820 made by ASU 2011-04 are effective for interim and annual periods beginning on or after December 15, 2011, and are accordingly reflected in the fair value disclosure contained in Notes 2, "Fair Value of Assets and Liabilities," and 11, "Consolidated Investment Products."

In June 2011, the FASB issued Accounting Standards Update 2011-05, “Comprehensive Income: Presentation of Comprehensive Income” (ASU 2011-05). ASU 2011-05 amends Topic 220 to require the components of net income and other comprehensive income to be presented in one continuous statement, which would be referred to as the statement of comprehensive income, or in two separate but consecutive statements. Prior to ASU 2011-05, there was no requirement to

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present the statement of net income and statement of comprehensive income consecutively. ASU 2011-05 also requires an entity to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income alongside their respective components of net income and other comprehensive income. This requirement in ASU 2011-05 was amended and deferred in December 2011, when the FASB issued Accounting Standards Update No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" (ASU 2011-12). As a result of ASU 2011-12, an entity will continue to report items that are reclassified from accumulated other comprehensive income consistent with the requirements in Topic 220 in effect before the adoption of ASU 2011-05. The amendments to Topic 220 made by ASU 2011-05, and the amendments to ASU 2011-05 made by ASU 2011-12, are effective for interim and annual periods beginning on or after December 15, 2011 for public companies, and are accordingly reflected in the new financial statement, "Condensed Consolidated Statements of Comprehensive Income."

In September 2011, the FASB issued Accounting Standards Update 2011-08, "Intangibles-Goodwill and Other: Testing Goodwill for Impairment" (ASU 2011-08). ASU 2011-08 amends Topic 350 on testing for goodwill impairment. Specifically, ASU 2011-08 permits an entity the option to first qualitatively assess whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If an entity concludes that this is the case, it would be required to calculate the fair value of the reporting unit under step one of the goodwill impairment test; otherwise, no further testing is required. An entity may bypass the qualitative assessment in any period and proceed directly to step one of the goodwill impairment test, and may resume performing the qualitative assessment in any subsequent period. The amendments made by ASU 2011-08 have been adopted by the company and are effective for interim and annual periods beginning on or after December 15, 2011. They will be contemplated as part of the company's 2012 impairment testing process.

2. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying value and fair value of financial instruments is presented in the summary table below. The fair value of financial instruments held by consolidated investment products is presented in Note 11, "Consolidated Investment Products."

\$ in millions	June 30, 2012			December 31, 2011	
	Footnote Reference	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents		718.4	718.4	727.4	727.4
Available for sale investments	3	118.2	118.2	63.5	63.5
Assets held for policyholders		1,065.4	1,065.4	1,243.5	1,243.5
Trading investments	3	204.6	204.6	187.5	187.5
Foreign time deposits*	3	30.0	30.0	32.2	32.2
Support agreements*	10,11	(1.0)	(1.0)	(1.0)	(1.0)
Policyholder payables		(1,065.4)	(1,065.4)	(1,243.5)	(1,243.5)
Put option contracts		1.3	1.3	—	—
Financial instruments sold, not yet purchased		(1.2)	(1.2)	(1.0)	(1.0)
Note payable		(12.6)	(12.6)	(16.8)	(16.8)
Total debt*	4	(1,341.6)	(1,363.0)	(1,284.7)	(1,307.5)

These financial instruments are not measured at fair value on a recurring basis. See the indicated footnotes for *additional information about the carrying and fair values of these financial instruments. Foreign time deposits are measured at cost plus accrued interest, which approximates fair value, and are accordingly classified as Level 2 securities.

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

Cash equivalents

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

Available-for-sale investments

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Available-for-sale investments include amounts seeded into affiliated investment products, investments in affiliated CLOs, and investments in other debt securities. Seed money investments are investments held in Invesco managed funds with the purpose of providing capital to the funds during their development periods. Seed money is valued under the market approach through the use of quoted market prices available in an active market and is classified within level 1 of the valuation hierarchy; there is no modeling or additional information needed to arrive at the fair values of these investments. CLO assets are valued based on price quotations provided by an independent third-party pricing source, in which case they are classified as level 2, or using an income approach through the use of certain observable and unobservable inputs. Due to current liquidity constraints within the market for CLO products that require the use of unobservable inputs, these investments are classified within level 3 of the valuation hierarchy. Other debt securities are valued using a cost valuation technique due to the lack of available cash flow and market data and are accordingly also classified within Level 3 of the valuation hierarchy.

Assets held for policyholders

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

Put option contracts

In the three months ended June 30, 2012, the company purchased four put option contracts to hedge economically foreign currency risk on the translation of a portion of its pound sterling-denominated earnings into U.S. dollars. The economic hedge is predominantly triggered upon the impact of a significant decline in the pound sterling/U.S. dollar foreign exchange rate, which could arise from a Greek Euro exit or other major European economic events. Open put option contracts are marked-to-market through earnings, which are recorded in the company's consolidated statement of income in other gains and losses. These derivative contracts are valued using option valuation models and are included in other current assets in the company's consolidated balance sheet. The significant inputs in these models (volatility, forward points and swap curves) are readily available in public markets or can be derived from observable market transactions for substantially the full terms of the contracts and are classified within level 2 of the valuation hierarchy. The cost to the company of these contracts was \$2.5 million at their inception date, which represents the company's maximum exposure to loss from the contracts over the 12-month cumulative contract period, and contract maturity ranges from September 25, 2012 to June 25, 2013. These were the only contracts entered into during the period to hedge economically foreign currency risk. The company recognized a loss of \$1.2 million in the six months ended June 30, 2012 related to the change in market value of these put option contracts.

Trading investments

Trading investments include investments held to hedge economically against costs the company incurs in connection with certain deferred compensation plans in which the company participates, as well as trading and investing activities in equity and debt securities entered into in its capacity as sponsor of unit investment trusts (UITs).

Investments related to deferred compensation plans

Investments related to deferred compensation plans are primarily invested in affiliated funds that are held to hedge economically current and non-current deferred compensation liabilities. Investments related to deferred compensation plans are valued under the market approach through the use of quoted prices in an active market and are classified within level 1 of the valuation hierarchy.

UIT-related equity and debt securities

At June 30, 2012, UIT-related equity and debt securities consisted of investments in corporate stock, corporate bonds, UITs, U.S. state and political subdivisions. Each is discussed more fully below.

Corporate stock

The company temporarily holds investments in corporate stock for purposes of creating a UIT. Corporate stocks are valued under the market approach through use of quoted prices on an exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized within level 1 of the valuation

hierarchy; otherwise, they are categorized in level 2.

Corporate bonds

The company temporarily holds investments in corporate bonds for purposed of creating a UIT. Corporate bonds are valued using recently executed transaction prices, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturities as the

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underlying bonds. If the spread data does not reference the issuers, then data that references comparable issuers is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default spreads, and recovery rates based on collateral value as key inputs. Depending on the nature of the inputs, these investments are categorized as level 1, 2, or 3.

UITs

The company may hold units of its sponsored UITs at period-end for sale in the primary market or secondary market. Equity UITs are valued under the market approach through use of quoted prices on an exchange. Fixed income UITs are valued using recently executed transaction prices, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturities as the underlying bonds. If the spread data does not reference the issuers, then data that references comparable issuers is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default spreads, and recovery rates based on collateral value as key inputs. Depending on the nature of the inputs, these investments are categorized as level 1, 2, or 3.

Municipal securities

Municipal securities are valued using recently executed transaction prices, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturities as the underlying bonds. If the spread data does not reference the issuers, then data that references comparable issuers is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default spreads, and recovery rates based on collateral value as key inputs. Depending on the nature of the inputs, these investments are categorized as level 1, 2, or 3.

UIT-related financial instruments sold, not yet purchased, and derivative instruments

The company uses U.S. Treasury futures, which are types of derivative financial instruments, to hedge economically fixed income UIT inventory and securities in order to mitigate market risk. Open futures contracts are marked-to-market daily through earnings, which are recorded in the company's consolidated statement of income in other revenue, along with the mark-to-market on the underlying trading securities held. Fair values of derivative contracts in an asset position are included in other current assets in the company's consolidated balance sheet. Fair values of derivative contracts in a liability position are included in other liabilities in the company's consolidated balance sheet. These derivative contracts are valued under the market approach through use of quoted prices in an active market and are classified within level 1 of the valuation hierarchy. At June 30, 2012, there were 7 open futures contracts with a notional value of \$0.9 million (December 31, 2011: 10 open futures contracts with a notional value of \$1.3 million). Additionally, to hedge economically the market risk associated with equity and debt securities and UITs temporarily held as trading investments, the company will hold short corporate stock, exchange-traded fund, or U.S. treasury security positions. These transactions are recorded as financial instruments sold, not yet purchased and are included in other current liabilities in the company's consolidated balance sheet. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized within level 1 of the valuation hierarchy; otherwise, they are categorized in level 2.

Note payable

The note payable represents a payable associated with Invesco's acquired ownership interest in two consolidated real estate funds. As the underlying investments in the funds are carried at fair value (and are disclosed as level 3 assets in the fair value hierarchy table included in Note 11, "Consolidated Investment Products"), management elected the fair value option for the note payable in order to offset the fair value movements recognized from the funds and has recorded the note payable as a level 3 liability. The fair value of the note payable is measured by reference to the value of the company's ownership interest in the equity of the funds, as this is the contractual amount payable at the reporting date. The value of the funds' equity is driven by the value of the underlying investments of the funds, as these investments make up the majority of the funds' equity. See Note 11, "Consolidated Investment Products," for additional information regarding the valuation of the underlying investments of the funds.

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The following table presents, for each of the hierarchy levels described above, the carrying value of the company's assets and liabilities, including major security type for equity and debt securities, which are measured at fair value on the face of the statement of financial position as of June 30, 2012.

\$ in millions	As of June 30, 2012			
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Current assets:				
Cash equivalents:				
Money market funds	210.6	210.6	—	—
Investments:*				
Available-for-sale:				
Seed money	109.4	100.2	9.2	—
Trading investments:				
Investments related to deferred compensation plans	200.2	200.2	—	—
UIT-related equity and debt securities:				
Corporate stock	1.5	1.5	—	—
UITs	1.6	1.6	—	—
Municipal securities	1.3	—	1.3	—
Assets held for policyholders	1,065.4	1,065.4	—	—
Put option contracts	1.3	—	1.3	—
Total current assets	1,591.3	1,579.5	11.8	—
Non-current assets:				
Investments — available-for-sale*:				
CLOs	2.5	—	—	2.5
Other debt securities	6.3	—	—	6.3
Total assets at fair value	1,600.1	1,579.5	11.8	8.8
Current liabilities:				
Policyholder payables	(1,065.4)	(1,065.4)	—	—
UIT-related financial instruments sold, not yet purchased:				
Corporate equities	(1.2)	(1.2)	—	—
Note payable	(12.6)	—	—	(12.6)
Total liabilities at fair value	(1,079.2)	(1,066.6)	—	(12.6)

Current foreign time deposits of \$30.0 million and other current investments of \$0.5 million are excluded from this table. Non-current equity method and other investments of \$198.2 million and \$11.8 million, respectively, are also excluded from this table. These investments are not measured at fair value, in accordance with applicable accounting standards.

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The following table presents, for each of the hierarchy levels described above, the carrying value of the company's assets and liabilities that are measured at fair value as of December 31, 2011:

\$ in millions	As of December 31, 2011			
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Current assets:				
Cash equivalents:				
Money market funds	257.7	257.7	—	—
Investments:*				
Available-for-sale:				
Seed money	63.5	63.5	—	—
Trading investments:				
Investments related to deferred compensation plans	184.4	184.4	—	—
UIT-related equity and debt securities:				
Corporate stock	1.1	1.1	—	—
UITs	0.9	0.9	—	—
Municipal securities	1.1	—	1.1	—
Assets held for policyholders	1,243.5	1,243.5	—	—
Total current assets	1,752.2	1,751.1	1.1	—
Current liabilities:				
Policyholder payables	(1,243.5)	(1,243.5)	—	—
UIT-related financial instruments sold, not yet purchased:				
Corporate equities	(1.0)	(1.0)	—	—
Non-current liabilities:				
Note payable	(16.8)	—	—	(16.8)
Total liabilities at fair value	(1,261.3)	(1,244.5)	—	(16.8)

Current foreign time deposits of \$32.2 million and other current investments of \$0.5 million are excluded from this table. Non-current equity method and other investments of \$193.1 million and \$7.7 million, respectively, are also excluded from this table. These investments are not measured at fair value, in accordance with applicable accounting standards.

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The following table shows a reconciliation of the beginning and ending fair value measurements for level 3 assets and liabilities during the three and six months ended June 30, 2012 and June 30, 2011, which are valued using significant unobservable inputs:

\$ in millions	Three months ended June 30, 2012			Six months ended June 30, 2012		
	CLOs	Other Debt Securities	Note Payable	CLOs	Other Debt Securities	Note Payable
Beginning balance	2.8	6.3	(12.3)	—	—	(16.8)
Deconsolidation of consolidated investment products	—	—	—	2.5	—	—
Purchases, sales, issuances	(0.1)	—	—	(0.1)	1.7	—
Net unrealized gains and losses included in accumulated other comprehensive income/(loss)*	(0.2)	—	—	0.1	—	—
Net unrealized gains and losses included in earnings*	—	—	—	—	—	3.5
Reclassification	—	—	—	—	4.6	—
Foreign exchange movements included in earnings	—	—	(0.3)	—	—	0.7
Ending balance	2.5	6.3	(12.6)	2.5	6.3	(12.6)

\$ in millions	Three months ended June 30, 2011		Six months ended June 30, 2011	
	CLOs	Note Payable	CLOs	Note Payable
Beginning balance	0.7	(18.5)	0.5	(18.9)
Purchases, sales, issuances	(0.1)	2.9	(0.1)	2.9
Net unrealized gains and losses included in accumulated other comprehensive income/(loss)*	(0.2)	—	—	—
Foreign exchange movements included in earnings	—	(0.5)	—	(0.1)
Ending balance	0.4	(16.1)	0.4	(16.1)

Of these net unrealized gains and losses included in accumulated other comprehensive income/(loss), \$0.2 million loss and \$0.1 million gain for the three and six months ended June 30, 2012 is attributed to the change in unrealized gains and losses related to assets still held at June 30, 2012 (three and six months ended June 30, 2011: \$0.2 million and none unrealized gains and losses related to assets still held at June 30, 2011).
 * Of these net unrealized gains and losses included in earnings, none and \$3.5 million for the three and six months ended June 30, 2012 is attributed to the change in unrealized gains and losses related to the note payable still held at June 30, 2012 (three and six months ended June 30, 2011: none and none).

Quantitative Information about Level 3 Fair Value Measurements

The following table shows significant unobservable inputs used in the fair value measurement of level 3 assets and liabilities:

Assets and Liabilities *	Fair Value at June 30, 2012 (\$ in millions)	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
CLOs	2.5	Discounted Cash Flow-Euro	Probability of Default Spread over Euribor	1% - 5% 2150 - 2850 bps

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Discounted Cash Flow- USD	Probability of Default	1% - 4%
	Spread over Libor	1350 - 1800 bps

Other debt securities of \$6.3 million are not included in the table above as they are valued using a cost valuation * technique. The note payable of \$12.6 million is also not included in the table above as its value is linked to the underlying value of consolidated funds. Both items are more fully discussed in the "Available-for-sale investments" and "Note payable" disclosures above.

For CLO Notes, a change in the assumption used for spreads is generally accompanied by a directionally similar change in default rate. Significant increases in any of these inputs in isolation would result in a significant lower fair value measurements. A directionally-opposite impact would apply for significant decreases in these inputs.

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3. INVESTMENTS

The disclosures below include details of the company's investments. Investments held by consolidated investment products are detailed in Note 11, "Consolidated Investment Products."

Current Investments

	As of	
\$ in millions	June 30, 2012	December 31, 2011
Available-for-sale investments:		
Seed money	109.4	63.5
Trading investments:		
Investments related to deferred compensation plans	200.2	184.4
UIT-related equity and debt securities	4.4	3.1
Foreign time deposits	30.0	32.2
Other	0.5	0.5
Total current investments	344.5	283.7

Non-current Investments

	As of	
\$ in millions	June 30, 2012	December 31, 2011
Available-for-sale investments:		
CLOs	2.5	—
Other debt securities	6.3	—
Equity method investments	198.2	193.1
Other	11.8	7.7
Total non-current investments	218.8	200.8

The portion of trading gains and losses for the six months ended June 30, 2012 that relates to trading securities still held at June 30, 2012 was a \$6.3 million net gain.

Realized gains and losses recognized in the income statement during the year from investments classified as available-for-sale are as follows:

\$ in millions	For the three months ended June 30, 2012			For the six months ended June 30, 2012		
	Proceeds from Sales	Gross Realized Gains	Gross Realized Losses	Proceeds from Sales	Gross Realized Gains	Gross Realized Losses
Current available-for-sale investments	3.3	0.3	—	23.6	1.8	(0.5)
Non-current available-for-sale investments	0.2	—	—	0.2	—	—
\$ in millions	For the three months ended June 30, 2011			For the six months ended June 30, 2011		
	Proceeds from Sales	Gross Realized Gains	Gross Realized Losses	Proceeds from Sales	Gross Realized Gains	Gross Realized Losses
Current available-for-sale investments	20.3	3.2	(0.1)	36.5	6.5	(0.2)
Non-current available-for-sale investments	—	—	—	0.1	—	—

Upon the sale of available-for-sale securities, net realized gains of \$1.3 million and \$6.3 million were transferred from accumulated other comprehensive income into the Condensed Consolidated Statements of Income during the six months ended

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June 30, 2012 and 2011, respectively. The specific identification method is used to determine the realized gain or loss on securities sold or otherwise disposed.

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

\$ in millions	June 30, 2012				December 31, 2011			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Current:								
Seed money	108.2	3.2	(2.0)	109.4	65.7	2.2	(4.4)	63.5
Current available-for-sale investments	108.2	3.2	(2.0)	109.4	65.7	2.2	(4.4)	63.5
Non-current:								
CLOs	2.5	—	—	2.5	—	—	—	—
Other debt securities	6.3	—	—	6.3	—	—	—	—
Non-current available-for-sale investments:	8.8	—	—	8.8	—	—	—	—
	117.0	3.2	(2.0)	118.2	65.7	2.2	(4.4)	63.5

Available-for-sale debt securities as of June 30, 2012 by maturity, are set out below:

\$ in millions	Available-for-Sale (Fair Value)
Less than one year	—
One to five years	1.7
Five to ten years	2.5
Greater than ten years	4.6
Total available-for-sale	8.8

The following table provides the breakdown of available-for-sale investments with unrealized losses at June 30, 2012:

\$ in millions	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Seed money (37 funds)	14.1	(1.2)	8.7	(0.8)	22.8	(2.0)

The following table provides the breakdown of available-for-sale investments with unrealized losses at December 31, 2011:

\$ in millions	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Seed money (64 funds)	37.5	(4.4)	—	—	37.5	(4.4)

The company has reviewed investment securities for other-than-temporary impairment (OTTI) in accordance with its accounting policy and has recognized \$0.9 million other-than-temporary impairment charges on available-for-sale investments during the six months ended June 30, 2012 (six months ended June 30, 2011: none).

The gross unrealized losses of seed money investments at June 30, 2012 were primarily caused by declines in the market value of the underlying securities in the seeded funds and foreign exchange movements. After conducting a review of the financial condition and near-term prospects of the underlying securities in the seeded funds as well as the severity and duration of the impairment, the company does not consider any material portion of its gross

unrealized losses on these securities to be other-than-temporarily impaired. The securities are expected to recover their value over time and the company has the intent and ability to hold the securities until this recovery occurs.

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4. DEBT

The disclosures below include details of the company's debt. Debt of consolidated investment products is detailed in Note 11, "Consolidated Investment Products."

\$ in millions	June 30, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsecured Senior Notes*:				
5.625% — due April 17, 2012	—	—	215.1	217.3
5.375% — due February 27, 2013	333.5	343.0	333.5	343.8
5.375% — due December 15, 2014	197.1	209.0	197.1	207.4
Floating rate credit facility expiring June 3, 2016	811.0	811.0	539.0	539.0
Total debt	1,341.6	1,363.0	1,284.7	1,307.5
Less: current maturities of total debt	(333.5)	(343.0)	(215.1)	(217.3)
Long-term debt	1,008.1	1,020.0	1,069.6	1,090.2

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

The fair market value of the company's Senior Notes was determined by market quotes provided by Bloomberg, which is considered a Level 2 valuation input. In the absence of an active market, the company relies upon the average price quoted by brokers for determining the fair market value of the debt.

Analysis of Borrowings by Maturity:

\$ in millions	June 30, 2012
2012	—
2013	333.5
2014	197.1
2016	811.0
Total debt	1,341.6

At June 30, 2012, the outstanding balance on the credit facility was \$811.0 million and the weighted average interest rate on the credit facility was 1.385%. Borrowings under the credit facility will bear interest at (i) LIBOR for specified interest periods or (ii) a floating base rate (based upon the highest of (a) the Bank of America prime rate, (b) the Federal Funds rate plus 0.50% and (c) LIBOR for an interest period of one month plus 1.00%), plus, in either case, an applicable margin determined with reference to the company's credit ratings and specified credit default spreads. Based on credit ratings as of June 30, 2012 of the company and such credit default spreads, the applicable margin for LIBOR-based loans was 1.10% and for base rate loans was 0.10%. In addition, the company is required to pay the lenders a facility fee on the aggregate commitments of the lenders (whether or not used) at a rate per annum which is based on the company's credit ratings. Based on credit ratings as of June 30, 2012, the annual facility fee was equal to 0.15%.

Financial covenants under the credit agreement include: (i) the quarterly maintenance of a debt/EBITDA ratio, as defined in the credit agreement, of not greater than 3.25:1.00 through June 30, 2014, and not greater than 3.00:1.00 thereafter, (ii) a coverage ratio (EBITDA, as defined in the credit agreement, divided by interest payable for the four consecutive fiscal quarters ended before the date of determination) of not less than 4.00:1.00. The company is in compliance with all regulatory minimum net capital requirements.

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5. SHARE CAPITAL

Movements in the number of common shares issued are represented in the table below:

In millions	June 30, 2012	June 30, 2011
Common shares issued	490.4	490.4
Less: Treasury shares for which dividend and voting rights do not apply	(45.2)	(39.5)
Common shares outstanding	445.2	450.9

During the three and six months ended June 30, 2012, the company repurchased 3.2 million and 6.3 million shares, respectively, in the market at a cost of \$75.0 million and \$150.0 million, respectively (three and six months ended June 30, 2011: 11.3 million and 13.4 million shares were repurchased at a cost of \$279.9 million and \$333.0 million, respectively). Separately, an aggregate of 1.7 million shares were withheld on vesting events during the six months ended June 30, 2012 to meet employees' withholding tax (six months ended June 30, 2011: 2.7 million). The fair value of these shares withheld at the respective withholding dates was \$42.6 million during the six months ended June 30, 2012 (six months ended June 30, 2011: \$70.8 million). Approximately \$582.0 million remained authorized under the company's share repurchase plan at June 30, 2012 (six months ended June 30, 2011: \$835.4 million).

Total treasury shares at June 30, 2012 were 55.8 million (June 30, 2011: 49.5 million), including 10.6 million unvested restricted stock awards (June 30, 2011: 10.0 million) for which dividend and voting rights apply. The closing market price of common shares at June 30, 2012 was \$22.60. The total market value of the company's 55.8 million treasury shares was \$1.3 billion on June 30, 2012.

6. SHARE-BASED COMPENSATION

The company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant, in accordance with ASC Topic 718, "Compensation — Stock Compensation." The fair value determined at the grant date is expensed, based on the company's estimate of shares that will eventually vest, on a straight-line or accelerated basis over the vesting period. The company recognized total expenses of \$67.0 million in the six months ended June 30, 2012 (six months ended June 30, 2011: \$56.8 million) related to equity-settled share-based payment transactions.

Share Awards

Movements on share awards priced in U.S. dollars are detailed below:

Millions of shares, except fair values	Six months ended June 30, 2012			Six months ended June 30, 2011	
	Time-Vested	Performance-Vested	Weighted Average Grant Date Fair Value (\$)	Time-Vested	Weighted Average Grant Date Fair Value (\$)
Unvested at the beginning of period	17.3	—	20.34	17.4	17.25
Granted during the period	5.4	0.3	24.84	5.5	26.79
Forfeited during the period	(0.1)	—	21.04	(0.2)	19.17
Vested and distributed during the period	(5.2)	—	18.75	(4.9)	18.93
Unvested at the end of the period	17.4	0.3	22.26	17.8	20.21

Further details of the performance-vested awards granted in 2012 are included in the Compensation Discussion and Analysis section of the company's 2012 Proxy statement.

On December 4, 2007, in connection with the redomicile of the company from the U.K. to Bermuda, the company's primary share listing moved from the London Stock Exchange to the New York Stock Exchange. Movements on share awards priced in Pounds Sterling, which were awarded prior to the move of the company's primary share listing to the New York Stock Exchange, are detailed below:

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Millions of shares, except fair values	Six months ended June 30, 2012		Six months ended June 30, 2011		
	Time-Vested	Weighted Average Grant Date Fair Value (£ Sterling)	Time-Vested	Performance-Vested	Weighted Average Grant Date Fair Value (£ Sterling)
Unvested at the beginning of period	0.6	11.25	3.3	0.1	11.80
Vested and distributed during the period	(0.3)	9.66	(2.3)	(0.1)	11.94
Unvested at the end of the period	0.3	12.90	1.0	—	11.47

Share awards outstanding at June 30, 2012 had a weighted average remaining contractual life of 1.84 years. The market price of the company's common stock at June 30, 2012 was \$22.60.

Share Options

The company has not granted share option awards since 2005. All remaining outstanding share option awards were fully vested and were expensed by the company over the applicable vesting periods (the latest of which ended prior to December 31, 2008). At the time of their grants, the exercise prices of the share options were denominated in the company's trading currency, which was the Pound Sterling. The exercise price remains in Pounds Sterling and was not changed to U.S. Dollars. Therefore, upon exercise of the share options, the Pound Sterling exercise price will be converted into U.S. Dollars using the spot foreign exchange rate in effect on the exercise date.

Changes in outstanding share option awards are as follows:

	Six months ended June 30, 2012		Six months ended June 30, 2011	
	Options (millions of shares)	Weighted Average Exercise Price (£ Sterling)	Options (millions of shares)	Weighted Average Exercise Price (£ Sterling)
Outstanding at the beginning of the period	4.5	7.85	10.7	13.85
Forfeited during the period	(0.1)	14.80	(0.5)	24.40
Exercised during the period	(0.9)	8.66	(0.7)	8.53
Outstanding at the end of the period	3.5	7.36	9.5	13.58
Exercisable at the end of the period	3.5	7.36	9.5	13.58

7. RETIREMENT BENEFIT PLANS**Defined Contribution Plans**

The company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the company in funds under the control of trustees. When employees leave the plans prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total amounts charged to the Condensed Consolidated Statements of Income for the six months ended June 30, 2012 and 2011, of \$30.9 million and \$29.7 million, respectively, represent contributions paid or payable to these plans by the company at rates specified in the rules of the plans. As of June 30, 2012, accrued contributions of \$12.4 million (December 31, 2011: \$20.0 million) for the current year will be paid to the plans when due.

Defined Benefit Plans

The company maintains legacy defined benefit pension plans for qualifying employees of its subsidiaries in the U.K., Ireland, Germany, and Taiwan. All defined benefit plans are closed to new participants. The company also maintains a post-retirement medical plan in the U.S., which was closed to new participants in 2005. In 2006, the plan was amended to eliminate benefits for all participants who did not meet retirement eligibility by 2008. The assets of all

defined benefit plans are held in separate trustee-administered funds. Under the plans, the employees are generally entitled to retirement benefits based on final salary at retirement.

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The components of net periodic benefit cost in respect of these defined benefit plans are as follows:

\$ in millions	Three months ended June 30,				Six months ended June 30,			
	Retirement Plans		Medical Plan		Retirement Plans		Medical Plan	
	2012	2011	2012	2011	2012	2011	2012	2011
Service cost	(1.1)	(1.1)	(0.1)	(0.1)	(2.2)	(2.1)	(0.2)	(0.3)
Interest cost	(4.8)	(4.5)	(0.6)	(0.6)	(9.6)	(9.1)	(1.2)	(1.3)
Expected return on plan assets	4.4	3.8	0.1	0.1	8.8	7.5	0.2	0.2
Amortization of prior service cost	—	(0.7)	0.5	0.5	—	(1.5)	1.0	1.0
Amortization of net actuarial (loss)/gain	(0.3)	0.2	(0.1)	(0.7)	(0.6)	0.3	(0.2)	(1.4)
Net periodic benefit cost	(1.8)	(2.3)	(0.2)	(0.8)	(3.6)	(4.9)	(0.4)	(1.8)

The estimated amount of contributions expected to be paid to the retirement plans during 2012 is \$6.1 million, with an additional expected contribution of \$2.1 million to the medical plan.

8. TAXATION

At June 30, 2012, the total amount of gross unrecognized tax benefits was \$18.6 million as compared to the December 31, 2011, total of \$19.5 million. The company and its subsidiaries file annual income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and in numerous foreign jurisdictions. A number of years may elapse before an uncertain tax position, for which the company has unrecognized tax benefits, is finally resolved. To the extent that the company has favorable tax settlements, or determines that accrued amounts are no longer needed due to a lapse in the applicable statute of limitations or other reasons, such liabilities, as well as the related interest and penalty, would be reversed as a reduction of income tax expense (net of federal tax effects, if applicable) in the period such determination is made.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of shares outstanding during the period, excluding treasury shares. The weighted average number of shares outstanding during the period also includes participating securities such as unvested time-based restricted stock awards and restricted stock units that pay dividend equivalents. Diluted earnings per share is computed using the treasury stock method, which requires computing share equivalents and dividing net income attributable to common shareholders by the total weighted average number of shares and share equivalents outstanding during the period.

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The calculation of earnings per share is as follows:

In millions, except per share data	Net Income Attributable to Common Shareholders	Weighted Average Number of Shares	Per Share Amount
For the three months ended June 30, 2012:			
Basic earnings per share	\$153.9	453.8	\$0.34
Dilutive effect of share-based awards	—	1.5	—
Diluted earnings per share	\$153.9	455.3	\$0.34
For the three months ended June 30, 2011:			
Basic earnings per share	\$183.0	465.5	\$0.39
Dilutive effect of share-based awards	—	1.9	—
Diluted earnings per share	\$183.0	467.4	\$0.39

In millions, except per share data	Net Income Attributable to Common Shareholders	Weighted Average Number of Shares	Per Share Amount
For the six months ended June 30, 2012:			
Basic earnings per share	\$347.8	454.0	\$0.77
Dilutive effect of share-based awards	—	1.6	—
Diluted earnings per share	\$347.8	455.6	\$0.76
For the six months ended June 30, 2011:			
Basic earnings per share	\$360.5	467.7	\$0.77
Dilutive effect of share-based awards	—	2.0	—
Diluted earnings per share	\$360.5	469.7	\$0.77

See Note 6, “Share-based Compensation,” for a summary of share awards outstanding under the company’s share-based payment programs. These programs could result in the issuance of common shares that would affect the measurement of basic and diluted earnings per share.

There were no options to purchase or options outstanding for the six months ended June 30, 2012 (six months ended June 30, 2011: 4.9 million share options at a weighted average exercise price of £19.19) that were not included in the computation of diluted earnings per share because the options’ exercise price were greater than the average market price of the shares and therefore their inclusion would have been anti-dilutive.

10. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies may arise in the ordinary course of business.

Off Balance Sheet Commitments

The company has transactions with various private equity, real estate and other investment entities sponsored by the company for the investment of client assets in the normal course of business. Many of the company’s investment products are structured as limited partnerships. The company’s investment may take the form of the general partner or a limited partner, and the entities are structured such that each partner makes capital commitments that are to be drawn down over the life of the partnership as investment opportunities are identified. At June 30, 2012, the company’s undrawn capital commitments were \$127.6 million (December 31, 2011: \$161.2 million).

During the fourth quarter of 2007, Invesco elected to enter into contingent support agreements for two of its investment trusts to enable them to sustain a stable pricing structure. These two trusts are unregistered trusts that

invest in fixed income securities and are available only to limited types of investors. In June 2012, the agreements were amended to extend the term through December 31, 2012; further extensions are likely. As of June 30, 2012, the total committed support under these agreements was \$36.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company. The estimated value of these agreements at June 30, 2012, was \$1.0 million (December 31, 2011: \$1.0 million), which is included in other current liabilities on the Condensed Consolidated Balance Sheet and represents a Level 3 measurement due to its determination from an expected present value technique. The estimated value of these agreements is lower than the maximum support amount, reflecting management's estimation that the likelihood of funding under the support agreements is low. Significant investor redemptions out of the trusts before the scheduled maturity of the

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underlying securities or significant credit default issues of the securities held within the trusts' portfolios could change the company's estimation of likelihood of funding. No payment has been made under either agreement nor has Invesco realized any loss from the support agreements through the date of this Report. These trusts were not consolidated because the company was not deemed to be the primary beneficiary.

A subsidiary of the company has received assessments related to various prior taxation periods for goods and services tax on revenue to which management fee rebates had been applied in those periods. The assessments, related interest, and penalty amounts are approximately \$19.8 million. Management believes Canada Revenue Agency's claims are unfounded and that these assessments are unlikely to stand, and accordingly no provision has been recorded in the Condensed Consolidated Financial Statements.

The Parent and various company subsidiaries have entered into agreements with financial institutions to guarantee certain obligations of other company subsidiaries. The company would be required to perform under these guarantees in the event of certain defaults. The company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Legal Contingencies

In July 2010, various closed-end funds formerly advised by Van Kampen Investments or Morgan Stanley Investment Management included in the acquired business had complaints filed against them in New York State Court commencing derivative lawsuits purportedly brought on behalf of the common shareholders of those funds. The funds are nominal defendants in these derivative lawsuits and the defendants also include Van Kampen Investments (acquired by Invesco on June 1, 2010), Morgan Stanley Investment Management and certain officers and trustees of the funds who are or were employees of those firms. Invesco has certain obligations under the applicable acquisition agreement regarding the defense costs and any damages associated with this litigation. The plaintiffs allege breaches of fiduciary duties owed by the non-fund defendants to the funds' common shareholders related to the funds' redemption in prior periods of Auction Rate Preferred Securities (ARPS) theretofore issued by the funds. The complaints are similar to other complaints filed against investment advisers, officers and trustees of closed-end funds in other fund complexes which issued and redeemed ARPS. The complaints allege that the advisers, distributors and certain officers and trustees of those funds breached their fiduciary duty by redeeming ARPS at their liquidation value when there was no obligation to do so and when the value of ARPS in the secondary marketplace were significantly below their liquidation value. The complaints also allege that the ARPS redemptions were principally motivated by the fund sponsors' interests to preserve distribution relationships with brokers and other financial intermediaries who held ARPS after having repurchased them from their own clients. The complaints do not specify alleged damages. Certain other funds included in the acquired business have received demand letters expressing similar allegations. Such demand letters could be precursors to additional similar lawsuits being commenced against those other funds. The Boards of Trustees of the funds established special committees of independent trustees to conduct an inquiry regarding the allegations set forth in the complaints and demand letters. Those evaluations have been completed, and the Boards of Trustees of the funds accepted the recommendation of their special litigation committees to (i) reject the demands contained in the demand letters and (ii) to seek dismissal of the related lawsuits. Motions to dismiss were filed on October 4, 2011, and remain pending.

Invesco believes the cases and other claims identified above should be dismissed or otherwise will terminate, although there can be no assurance of that result. Invesco intends to defend vigorously any cases which may survive beyond initial motions to dismiss. The company cannot predict with certainty, however, the eventual outcome of such cases and other claims, nor whether they will have a material negative impact on the company. The nature and progression of litigation can make it difficult to predict the impact a particular lawsuit will have on the company. There are many reasons that the company cannot make these assessments, including, among others, one or more of the following: the proceeding is in its early stages; the damages sought are unspecified, unsupported, unexplained or uncertain; the claimant is seeking relief other than compensatory damages; the matter presents novel legal claims or other meaningful legal uncertainties; discovery has not started or is not complete; there are significant facts in dispute; and there are other parties who may share in any ultimate liability.

The company is from time to time involved in litigation relating to other claims arising in the ordinary course of its business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the

company's business, financial position, results of operation or liquidity. In management's opinion, adequate accrual has been made as of June 30, 2012 to provide for any such losses that may arise from matters for which the company could reasonably estimate an amount. Furthermore, in management's opinion, it is not possible to estimate a range of reasonably possible losses with respect to other litigation contingencies.

The investment management industry also is subject to extensive levels of ongoing regulatory oversight and examination. In the United States and other jurisdictions in which the company operates, governmental authorities regularly make inquiries, hold investigations and administer market conduct examinations with respect to compliance with applicable laws and regulations. Additional lawsuits or regulatory enforcement actions arising out of these inquiries may in the future be filed against the company and related entities and individuals in the U.S. and other jurisdictions in which the company and its

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affiliates operate. Any material loss of investor and/or client confidence as a result of such inquiries and/or litigation could result in a significant decline in assets under management, which would have an adverse effect on the company's future financial results and its ability to grow its business.

11. CONSOLIDATED INVESTMENT PRODUCTS

The company's risk with respect to each investment in consolidated investment products is limited to its equity ownership and any uncollected management fees. Therefore, the gains or losses of consolidated investment products have not had a significant impact on the company's results of operations, liquidity or capital resources. The company has no right to the benefits from, nor does it bear the risks associated with, these investments, beyond the company's minimal direct investments in, and management fees generated from, the investment products. If the company were to liquidate, these investments would not be available to the general creditors of the company, and as a result, the company does not consider investments held by consolidated investment products to be company assets. Additionally, the collateral assets of consolidated collateralized loan obligations (CLOs) are held solely to satisfy the obligations of the CLOs, and the investors in the consolidated CLOs have no recourse to the general credit of the company for the notes issued by the CLOs.

Collateralized Loan Obligations

A significant portion of consolidated investment products are CLOs. CLOs are investment vehicles created for the sole purpose of issuing collateralized loan instruments that offer investors the opportunity for returns that vary with the risk level of their investment. The notes issued by the CLOs are backed by diversified collateral asset portfolios consisting primarily of loans or structured debt. For managing the collateral for the CLO entities, the company earns investment management fees, including in some cases subordinated management fees, as well as contingent incentive fees. The company has invested in certain of the entities, generally taking a portion of the unrated, junior subordinated position. The company's investments in CLOs are generally subordinated to other interests in the entities and entitle the company and other subordinated tranche investors to receive the residual cash flows, if any, from the entities. The company's subordinated interest can take the form of (1) subordinated notes, (2) income notes or (3) preference/preferred shares. The company has determined that, although the junior tranches have certain characteristics of equity, they should be accounted for and disclosed as debt on the company's Condensed Consolidated Balance Sheet, as the subordinated and income notes have a stated maturity indicating a date for which they are mandatorily redeemable. The preference shares are also classified as debt, as redemption is required only upon liquidation or termination of the CLO and not of the company. The financial information of the consolidated CLOs is included in the company's consolidated financial statements on a one-month lag.

Prior to the adoption of guidance now encompassed in ASC Topic 810 (discussed in Note 1, "Accounting Policies"), the company's ownership interests, which were classified as available-for-sale investments on the company's Condensed Consolidated Balance Sheets, combined with its other interests (management and incentive fees), were quantitatively assessed to determine if the company is the primary beneficiary of these entities. The company determined, for periods prior to the adoption of this guidance, that it did not absorb the majority of the expected gains or losses from the CLOs and therefore was not their primary beneficiary.

The company determined that it was the primary beneficiary of certain CLOs, as it has the power to direct the activities of the CLOs that most significantly impact the CLOs' economic performance, and the obligation to absorb losses/right to receive benefits from the CLOs that could potentially be significant to the CLOs. The primary beneficiary assessment includes an analysis of the rights of the company in its capacity as investment manager. In some CLOs, the company's role as investment manager provides that the company contractually has the power, as defined in ASC Topic 810, to direct the activities of the CLOs that most significantly impact the CLOs' economic performance, such as managing the collateral portfolio and its credit risk. In other CLOs, the company determined that it does not have this power in its role as investment manager due to certain rights held by other investors in the products or restrictions that limit the company's ability to manage the collateral portfolio and the CLO's credit risk. Additionally, the primary beneficiary assessment includes an analysis of the company's rights to receive benefits and obligations to absorb losses associated with its first loss position and management/incentive fees. As part of this analysis, the company uses a quantitative model to corroborate its qualitative assessments. The quantitative model

includes an analysis of the expected performance of the CLOs and a comparison of the company's absorption of this performance relative to the other investors in the CLOs. The company has determined that it could receive significant benefits and/or absorb significant losses from certain CLOs in which it holds a first loss position and has the right to significant fees. It was determined that the company's benefits and losses from certain other CLOs could not be significant, particularly in situations where the company does not hold a first loss position and where the fee interests are based upon a fixed percentage of collateral asset value.

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Private equity, real estate and fund-of-funds (partnerships)

For investment products that are structured as partnerships and are determined to be VIEs, including private equity funds, real estate funds and fund-of-funds products, the company evaluates the structure of the partnership to determine if it is the primary beneficiary of the investment product. This evaluation includes assessing the rights of the limited partners to transfer their economic interests in the investment product. If the limited partners' lack rights to manage their economic interests, they are considered to be de facto agents of the company, resulting in the company determining that it is the primary beneficiary of the investment product. The company generally takes less than a 1% investment in these entities as the general partner. Non-VIE general partnership investments are deemed to be controlled by the company and are consolidated under a voting interest entity (VOE) model, unless the limited partners have the substantive ability to remove the general partner without cause based upon a simple majority vote or can otherwise dissolve the partnership, or unless the limited partners have substantive participating rights over decision making. Interests in unconsolidated private equity funds, real estate funds and fund-of-funds products are classified as equity method investments in the company's Condensed Consolidated Balance Sheets. The financial information of the consolidated private equity and real estate funds are included in the company's consolidated financial statements on a one-quarter lag.

Other investment products

As discussed in Note 10, "Commitments and Contingencies," the company has entered into contingent support agreements for two of its investment trusts to enable them to sustain a stable pricing structure, creating variable interests in these VIEs. The company earns management fees from the trusts and has a small investment in one of these trusts. The company was not deemed to be the primary beneficiary of these trusts after considering any explicit and implicit variable interests in relation to the total expected gains and losses of the trusts.

At June 30, 2012, the company's maximum risk of loss in significant VIEs in which the company is not the primary beneficiary is presented in the table below.

\$ in millions	Footnote Reference	Carrying Value	Company's Maximum Risk of Loss
CLO investments	3	2.5	2.5
Partnership and trust investments	—	35.1	35.1
Investments in Invesco Mortgage Capital Inc.	—	28.7	28.7
Support agreements*	10	(1.0) 36.0
Total			102.3

*As of June 30, 2012, the committed support under these agreements was \$36.0 million with an internal approval mechanism to increase the maximum possible support to \$66.0 million at the option of the company.

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During the six months ended June 30, 2012, the company invested in and consolidated a new CLO that it manages. The table below illustrates the summary balance sheet amounts related to this CLO before consolidation into the company.

Balance Sheet		CLO - VIE
\$ in millions		
During the six months ended June 30, 2012		
Current assets		174.8
Non-current assets		325.6
Total assets		500.4
Current liabilities		155.7
Non-current liabilities		345.3
Total liabilities		501.0
Total equity		(0.6)
Total liabilities and equity		500.4

During the six months ended June 30, 2012, the company determined it was no longer the primary beneficiary of certain CLOs due to reconsideration events leading to reassessments of the rights held by other unaffiliated investors and deconsolidated these products. The company continues to manage the collateral portfolio of these CLOs and maintains an investment in these products. The amounts deconsolidated from the Condensed Consolidated Balance Sheet are illustrated in the table below. There was no net impact to the Condensed Consolidated Statement of Income for the six months ended June 30, 2012 from the deconsolidation of these investment products.

Balance Sheet		CLO - VIE
\$ in millions		
During the six months ended June 30, 2012		
Current assets		48.2
Non-current assets		594.1
Total assets		642.3
Current liabilities		18.7
Non-current liabilities		576.0
Total liabilities		594.7
Total equity		47.6
Total liabilities and equity		642.3

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The following tables reflect the impact of consolidation of investment products into the Condensed Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011, and the Condensed Consolidated Statements of Income for the six months ended June 30, 2012 and 2011.

Summary Balance Sheet Impact of Consolidated Investment Products

\$ in millions	CLOs-VIEs	Other VIEs	VOEs	Adjustments ⁽¹⁾	Subtotal - Impact of Consolidated Investment Products	Invesco Ltd. Consolidated
As of June 30, 2012						
Current assets	410.5	3.4	97.4	(28.6)	482.7	3,673.0
Non-current assets	5,163.9	40.2	846.8	(85.1)	5,965.8	14,939.9
Total assets	5,574.4	43.6	944.2	(113.7)	6,448.5	18,612.9
Current liabilities	189.3	0.4	3.5	(14.7)	178.5	2,724.7
Long-term debt of consolidated investment products	5,133.3	—	—	(63.6)	5,069.7	5,069.7
Other non-current liabilities	—	—	—	—	—	1,699.7
Total liabilities	5,322.6	0.4	3.5	(78.3)	5,248.2	9,494.1
Retained earnings appropriated for investors in consolidated investment products	251.8	—	—	—	251.8	251.8
Other equity attributable to common shareholders	—	0.1	35.3	(35.4)	—	7,914.0
Equity attributable to noncontrolling interests in consolidated entities	—	43.1	905.4	—	948.5	953.0
Total liabilities and equity	5,574.4	43.6	944.2	(113.7)	6,448.5	18,612.9
As of December 31, 2011						
Current assets	394.5	3.1	113.7	(29.9)	481.4	3,834.1
Non-current assets	5,682.3	42.8	903.8	(92.5)	6,536.4	15,512.9
Total assets	6,076.8	45.9	1,017.5	(122.4)	7,017.8	19,347.0
Current liabilities	179.2	0.4	5.8	(29.9)	155.5	2,974.4
Long-term debt of consolidated investment products	5,563.3	—	—	(50.4)	5,512.9	5,512.9
Other non-current liabilities	—	—	—	—	—	1,722.1
Total liabilities	5,742.5	0.4	5.8	(80.3)	5,668.4	10,209.4
Retained earnings appropriated for investors in consolidated investment products	334.3	—	—	—	334.3	334.3
Other equity attributable to common shareholders	—	0.1	43.1	(42.1)	1.1	7,784.8
Equity attributable to noncontrolling interests in	—	45.4	968.6	—	1,014.0	1,018.5

consolidated entities

Total liabilities and equity	6,076.8	45.9	1,017.5	(122.4)	7,017.8	19,347.0
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(1) Adjustments include the elimination of intercompany transactions between the company and its consolidated investment products, primarily the elimination of the company's equity at risk recorded as investments by the company (before consolidation) against either the equity (private equity and real estate partnership funds) or subordinated debt (CLOs) of the funds.

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Summary Income Statement Impact of Consolidated Investment Products

\$ in millions	CLOs-VIEs	Other VIEs	VOEs	Adjustments ⁽¹⁾⁽²⁾	Subtotal - Impact of Consolidated Investment Products	Invesco Ltd. Consolidated
Three months ended June 30, 2012						
Total operating revenues	—	—	—	(10.5)	(10.5)	1,009.0
Total operating expenses	13.9	0.2	11.1	(10.5)	14.7	806.1
Operating income	(13.9)	(0.2)	(11.1)	—	(25.2)	202.9
Equity in earnings of unconsolidated affiliates	—	—	—	(2.8)	(2.8)	6.9
Interest and dividend income	68.7	—	—	(3.5)	65.2	70.9
Other investment income/(losses)	28.2	1.8	53.3	(6.1)	77.2	69.5
Interest expense	(50.4)	—	—	3.5	(46.9)	(60.3)
Income before income taxes	32.6	1.6	42.2	(8.9)	67.5	289.9
Income tax provision	—	—	—	—	—	(62.3)
Net income	32.6	1.6	42.2	(8.9)	67.5	227.6
Net (income)/loss attributable to noncontrolling interests in consolidated entities, net	(32.6)	(1.6)	(39.5)	—	(73.7)	(73.7)
Net income attributable to common shareholders	—	—	2.7	(8.9)	(6.2)	153.9

\$ in millions	CLOs-VIEs	Other VIEs	VOEs	Adjustments ⁽¹⁾⁽²⁾	Subtotal - Impact of Consolidated Investment Products	Invesco Ltd. Consolidated
Three months ended June 30, 2011						
Total operating revenues	—	—	0.1	(12.2)	(12.1)	1,070.0
Total operating expenses	12.1	0.2	3.5	(12.2)	3.6	837.0
Operating income	(12.1)	(0.2)	(3.4)	—	(15.7)	233.0
Equity in earnings of unconsolidated affiliates	—	—	—	0.3	0.3	10.8
Interest and dividend income	79.8	—	—	(1.6)	78.2	82.2
Other investment income/(losses)	(73.8)	0.6	3.4	5.1	(64.7)	(58.7)
Interest expense	(48.1)	—	—	1.6	(46.5)	(62.5)
Income before income taxes	(54.2)	0.4	—	5.4	(48.4)	204.8
Income tax provision	—	—	—	—	—	(75.4)
Net income	(54.2)	0.4	—	5.4	(48.4)	129.4
Net (income)/loss attributable to noncontrolling interests in consolidated entities, net	54.2	(0.4)	(0.2)	—	53.6	53.6
Net income attributable to common shareholders	—	—	(0.2)	5.4	5.2	183.0

Invesco's equity interest in the investment products before consolidation is accounted for as equity method (private equity and real estate partnership funds) and available-for-sale investments (CLOs). Upon consolidation of the CLOs, the company's and the CLOs' accounting policies are effectively aligned, resulting in the reclassification of the company's loss for the three months ended June 30, 2012 of \$6.1 million (representing the decrease in the (1) market value of the company's holding in the consolidated CLOs) from other comprehensive income into other gains/losses (three months ended June 30, 2011: \$5.1 million gain). The company's loss (gain) on its investments in the CLOs (before consolidation) eliminates with the company's share of the offsetting gain (loss) on the CLOs' debt. The net income arising from consolidation of CLOs is therefore completely attributed to other investors in these CLOs, as the company's share has been eliminated through consolidation.

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Adjustments include the elimination of intercompany transactions between the company and its consolidated (2) investment products, primarily the elimination of management fees expensed by the funds and recorded as operating revenues (before consolidation) by the company.

\$ in millions	CLOs-VIEs	Other VIEs	VOEs	Adjustments ⁽¹⁾⁽²⁾	Subtotal - Impact of Consolidated Investment Products	Invesco Ltd. Consolidated
Six months ended June 30, 2012						
Total operating revenues	—	—	—	(20.9)	(20.9)	2,042.7
Total operating expenses	24.1	0.5	17.1	(20.9)	20.8	1,610.0
Operating income	(24.1)	(0.5)	(17.1)	—	(41.7)	432.7
Equity in earnings of unconsolidated affiliates	—	—	—	0.6	0.6	16.6
Interest and dividend income	137.7	—	—	(6.9)	130.8	142.3
Other investment income/(losses)	(40.6)	0.9	(3.0)	(1.9)	(44.6)	(33.8)
Interest expense	(99.4)	—	—	6.9	(92.5)	(119.5)
Income before income taxes	(26.4)	0.4	(20.1)	(1.3)	(47.4)	438.3
Income tax provision	—	—	—	—	—	(135.9)
Net income	(26.4)	0.4	(20.1)	(1.3)	(47.4)	302.4
Net (income)/loss attributable to noncontrolling interests in consolidated entities, net	26.4	(0.4)	19.4	—	45.4	45.4
Net income attributable to common shareholders	—	—	(0.7)	(1.3)	(2.0)	347.8

\$ in millions	CLOs-VIEs	Other VIEs	VOEs	Adjustments ⁽¹⁾⁽²⁾	Subtotal - Impact of Consolidated Investment Products	Invesco Ltd. Consolidated
Six months ended June 30, 2011						
Total operating revenues	—	—	0.1	(23.3)	(23.2)	2,097.3
Total operating expenses	24.3	0.5	5.8	(23.3)	7.3	1,638.6
Operating income	(24.3)	(0.5)	(5.7)	—	(30.5)	458.7
Equity in earnings of unconsolidated affiliates	—	—	—	(0.9)	(0.9)	17.5
Interest and dividend income	154.0	—	—	(2.8)	151.2	158.5
Other investment income/(losses)	(210.6)	0.9	44.5	15.0	(150.2)	(136.3)
Interest expense	(89.3)	—	—	2.8	(86.5)	(118.7)
Income before income taxes	(170.2)	0.4	38.8	14.1	(116.9)	379.7
Income tax provision	—	—	—	—	—	(151.0)
Net income	(170.2)	0.4	38.8	14.1	(116.9)	228.7
Net (income)/loss attributable to noncontrolling interests in consolidated entities, net	170.2	(0.4)	(38.1)	—	131.7	131.8
	—	—	0.7	14.1	14.8	360.5

Net income attributable to common
shareholders

Invesco's equity interest in the investment products before consolidation is accounted for as equity method (private equity and real estate partnership funds) and available-for-sale investments (CLOs). Upon consolidation of the CLOs, the company's and the CLOs' accounting policies are effectively aligned, resulting in the reclassification of the company's loss for the six months ended June 30, 2012 of \$1.9 million (representing the decrease in the market (1) value of the company's holding in the consolidated CLOs) from other comprehensive income into other gains/losses (six months ended June 30, 2011: \$15 million gain). The company's loss (gain) on its investments in the CLOs (before consolidation) eliminates with the company's share of the offsetting gain (loss) on the CLOs' debt. The net income arising from consolidation of CLOs is therefore completely attributed to other investors in these CLOs, as the company's share has been eliminated through consolidation.

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Adjustments include the elimination of intercompany transactions between the company and its consolidated (2) investment products, primarily the elimination of management fees expensed by the funds and recorded as operating revenues (before consolidation) by the company.

The carrying value of investments held, derivative contracts, and notes issued by consolidated investment products is also their fair value. The following table presents the fair value hierarchy levels of investments held, derivative contracts, and notes issued by consolidated investment products, which are measured at fair value as of June 30, 2012 and December 31, 2011:

\$ in millions	As of June 30, 2012			
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
CLO collateral assets:				
Bank loans	4,846.9	—	4,846.9	—
Bonds	292.9	—	292.9	—
Equity securities	24.1	—	24.1	—
CLO-related derivative assets	7.6	—	7.6	—
Private equity fund assets:				
Equity securities	149.1	23.3	—	125.8
Debt securities	11.9	—	—	11.9
Investments in other private equity funds	564.3	—	—	564.3
Debt securities issued by the U.S. Treasury	9.0	9.0	—	—
Real estate investments	152.6	—	—	152.6
Total assets at fair value	6,058.4	32.3	5,171.5	854.6
Liabilities:				
CLO notes	(5,069.7)	—	—	(5,069.7)
CLO-related derivative liabilities	(9.2)	—	(9.2)	—
Total liabilities at fair value	(5,078.9)	—	(9.2)	(5,069.7)

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\$ in millions	As of December 31, 2011			
	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
CLO collateral assets:				
Bank loans	5,354.3	—	5,354.3	—
Bonds	292.8	—	292.8	—
Equity securities	35.3	—	35.3	—
CLO-related derivative assets	10.8	—	10.8	—
Private equity fund assets:				
Equity securities	138.2	11.4	0.1	126.7
Debt securities	10.0	—	—	10.0
Investments in other private equity funds	559.5	—	—	559.5
Debt securities issued by the U.S. Treasury	6.0	6.0	—	—
Real estate investments	232.9	—	—	232.9
Total assets at fair value	6,639.8	17.4	5,693.3	929.1
Liabilities:				
CLO notes	(5,512.9)	—	—	(5,512.9)
CLO-related derivative liabilities	(5.8)	—	(5.8)	—
Total liabilities at fair value	(5,518.7)	—	(5.8)	(5,512.9)

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

\$ in millions	Three months ended June 30, 2012		Six months ended June 30, 2012	
	Level 3 Assets	Level 3 Liabilities	Level 3 Assets	Level 3 Liabilities
Beginning balance	837.8	(5,345.0)	929.1	(5,512.9)
Purchases	—	—	0.5	—
Sales	(24.9)	—	(55.7)	—
Issuances	—	—	—	(325.2)
Settlements	—	105.0	—	195.7
Deconsolidation of consolidated investment products	—	—	—	573.4
Gains and losses included in the Condensed Consolidated Statements of Income*	52.2	23.7	(8.8)	(158.7)
Foreign exchange	(10.5)	146.6	(10.5)	158.0
Ending balance	854.6	(5,069.7)	854.6	(5,069.7)

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\$ in millions	Three months ended June 30, 2011		Six months ended June 30, 2011	
	Level 3 Assets	Level 3 Liabilities	Level 3 Assets	Level 3 Liabilities
Beginning balance	950.3	(6,291.0)	972.8	(5,865.4)
Purchases	17.7	—	26.9	—
Sales	(58.1)	—	(131.5)	—
Issuances	—	—	—	—
Settlements	—	160.8	—	260.0
Gains and losses included in the Condensed Consolidated Statements of Income*	5.7	(52.8)	47.4	(433.7)
Foreign exchange	(5.8)	(109.7)	(5.8)	(253.6)
Ending balance	909.8	(6,292.7)	909.8	(6,292.7)

Included in gains and losses of consolidated investment products in the Condensed Consolidated Statement of Income for the three and six months ended June 30, 2012 are \$55.6 million in net unrealized gains and \$3.1 million *in net unrealized losses attributable to investments still held at June 30, 2012 by consolidated investment products (three and six months ended June 30, 2011: \$6.9 million in net unrealized losses and \$11.0 million in net unrealized gains attributable to investments still held at June 30, 2011).

Fair value of consolidated CLOs

The company elected the fair value option for collateral assets held and notes issued by its consolidated CLOs to eliminate the measurement and recognition inconsistency that would otherwise arise from measuring assets and liabilities and recognizing the related gains and losses on different accounting bases.

The collateral assets held by consolidated CLOs are primarily invested in senior secured bank loans, bonds, and equity securities. Bank loan investments, which comprise the majority of consolidated CLO portfolio collateral, are senior secured corporate loans from a variety of industries, including but not limited to the aerospace and defense, broadcasting, technology, utilities, household products, healthcare, oil and gas, and finance industries. Bank loan investments mature at various dates between 2012 and 2027, pay interest at Libor or Euribor plus a spread of up to 14.0%, and typically range in S&P credit rating categories from BBB down to unrated. At June 30, 2012 the unpaid principal balance exceeded the fair value of the senior secured bank loans and bonds by approximately \$483.0 million (December 31, 2011: \$701.0 million excess). Approximately 2% of the collateral assets are in default as of June 30, 2012 (December 31, 2011: less than 1% of the collateral assets were in default). CLO investments are valued based on price quotations provided by an independent third-party pricing source. These third party sources aggregate indicative price quotations daily to provide the company with a price for the CLO investments. The company has developed internal controls to review the reasonableness and completeness of these price quotations on a daily basis. If necessary, price quotations are challenged through the third-party pricing source challenge process. As of June 30, 2012, there have been no price quotation challenges by the company.

In addition, an internal valuation committee conducts an annual due diligence review of all independent third-party pricing sources to review the provider's valuation methodology as well as ensure internal controls exist over the valuation of the CLO investments. In the event that the third-party pricing source is unable to price an investment, other relevant factors, data and information are considered, including: i) information relating to the market for the investment, including price quotations for and trading in the investment, interest in similar investments, the market environment, investor attitudes towards the investment and interests in similar investments; ii) the characteristics of and fundamental analytical data relating to the investment, including, for senior secured corporate loans, the cost, current interest rate, period until next interest rate reset, maturity and base lending rate, the terms and conditions of the senior secured corporate loan and any related agreements, and the position of the senior secured corporate loan in the borrower's debt structure; iii) the nature, adequacy and value of the senior secured corporate loan's collateral, including the CLO's rights, remedies and interests with respect to the collateral; iv) for senior secured corporate loans, the

creditworthiness of the borrower, based on an evaluation of its financial condition, financial statements and information about the business, cash flows, capital structure and future prospects; v) the reputation and financial condition of the agent and any intermediate participants in the senior secured corporate loan; and vi) general economic and market conditions affecting the fair value of the senior secured corporate loan.

Notes issued by consolidated CLOs mature at various dates between 2015 and 2024 and have a weighted average maturity of 9.2 years. The notes are issued in various tranches with different risk profiles. The interest rates are generally variable rates based on Libor or Euribor plus a pre-defined spread, which varies from 0.21% for the more senior tranches to 7.25% for the more subordinated tranches. At June 30, 2012, the outstanding balance on the notes issued by consolidated CLOs exceeds their

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fair value by approximately \$0.7 billion (December 31, 2011: \$1.0 billion excess). The investors in this debt are not affiliated with the company and have no recourse to the general credit of the company. Notes issued by CLOs are recorded at fair value using an income approach. Fair value is determined using current information, notably market yields and projected cash flows of collateral assets, which are impacted by forecasted default and recovery rates. Market yields, default rates and recovery rates used in the company's estimate of fair value vary based on the nature of the investments in the underlying collateral pools. In periods of rising market yields, default rates and lower debt recovery rates, the fair value, and therefore the carrying value, of the notes may be adversely affected. The current liquidity constraints within the market for CLO products require the use of certain unobservable inputs for CLO valuation. Once the undiscounted cash flows of the collateral assets have been determined, the company applies appropriate discount rates that a market participant would use to determine the discounted cash flow valuation of the notes.

Certain consolidated CLOs with Euro-denominated debt have entered into swap agreements with various counterparties to hedge economically interest rate and foreign exchange risk related to CLO collateral assets with non-Euro interest rates and currencies. These swap agreements are not designated as qualifying as hedging instruments. The fair value of derivative contracts in an asset position is included in the company's Condensed Consolidated Balance Sheet in other current assets, and the fair value of derivative contracts in a liability position is included in the company's Condensed Consolidated Balance Sheet in other current liabilities. These derivative contracts are valued under an income approach using forecasted interest rates and are classified within level 2 of the valuation hierarchy. Changes in fair value of \$3.0 million and \$6.7 million are reflected as losses in gains/(losses) of consolidated investment products, net on the company's Condensed Consolidated Statement of Income for the three and six months ended June 30, 2012 (three and six months ended June 30, 2011: \$1.9 million and \$5.7 million, reflected as losses in gains/ (losses) of consolidated investment products). As of June 30, 2012, there were 60 open swap agreements with a notional value of \$98.1 million (December 31, 2011: 70 open swap agreements with a notional value of \$123.3 million). Swap maturities are tied to the maturity of the underlying collateral assets.

Fair value of consolidated private equity funds

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

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

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

purchase multiples paid in other comparable third-party transactions, the price of securities of other companies comparable to the portfolio company, and operating results and other financial data of the portfolio company, as applicable.

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

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Fair value of consolidated real estate funds

Consolidated real estate funds are structured as limited liability companies. These limited liability companies invest in other real estate funds, and these investments are carried at fair value and presented as investments in consolidated investment products. The net asset value of the underlying funds, which primarily consists of the real estate investment value and mortgage loans, is adjusted to fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Real estate fund assets are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Due to the illiquid nature of investments made in real estate companies, all of the real estate assets are classified as level 3. The real estate investment vehicles use one or more valuation techniques (e.g., the market approach, the income approach, or the cost approach) for which sufficient and reliable data is available to value investments classified within level 3. The income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used by the real estate funds in estimating the value of level 3 investments include the original transaction price, recent transactions in the same or similar instruments, as well as completed or pending third-party transactions in the underlying investment or comparable investments. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability. Other inputs used include discount rates, cap rates and income and expense assumptions. The fair value measurement of level 3 investments does not include transaction costs and acquisition fees that may have been capitalized as part of the investment's cost basis. Due to the lack of observable inputs, the assumptions used may significantly impact the resulting fair value and therefore the real estate funds' results of operations.

Quantitative Information about Level 3 Fair Value Measurements

The following table shows significant unobservable inputs used in the fair value measurement of level 3 assets and liabilities:

Assets and Liabilities *	Fair Value at June 30, 2012 (\$ in millions)	Valuation Technique	Unobservable Inputs	Range	
Private Equity Funds --Equity Securities	125.8	Market Comparable	EBITDA Multiple	30 - 40x	
			Revenue Multiple	5 - 15x	
			Discount	20% - 50%	
Real Estate Investments	152.6	Discounted Cash Flow	In-Place & Market Rent Rates	JPY 250 - JPY 700 per sq ft	
			Revenue Growth Rate	0.0% - 2.0%	
			Discount Rate	5.75% - 8.00%	
			Exit Capitalization Rate	6.00% - 8.25%	
			Stabilized Occupancy Rate	92.0% - 96.0%	
			Expense Growth Rate	1.00%	
			Market Comparable	In-Place & Market Rent Rates	JPY 250 - JPY 700 per sq ft
				Exit Capitalization Rate	6.00% - 8.25%
			CLO Notes	(5,069.7)	Discounted Cash Flow- Euro
Spread over Euribor **	300 - 2850 bps				
Discounted Cash Flow- USD	Probability of Default	1% - 4%			
	Spread over Libor **	200 - 1800 bps			

Certain equity securities held by consolidated private equity funds are valued using third-party pricing information and/or recent private market transactions. Quantitative unobservable inputs for such valuations were not developed *or adjusted by the company. Debt securities held by consolidated private equity funds of \$11.9 million are excluded from the table above as they are valued using a cost valuation technique. Investments in other private equity funds of \$564.3 million are also excluded from the table above as they are valued using the NAV practical expedient.

** Lower spreads relate to the more senior tranches in the CLO note structure; higher spreads relate to the less senior tranches.

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The following narrative will indicate the sensitivity of inputs illustrating the impact of significant increases to the inputs. A directionally-opposite impact would apply for significant decreases in these inputs:

For investments held by consolidated private equity funds, significant increases in discounts in isolation would result in significantly lower fair value measurements, while significant increases in EBITDA and revenue multiple assumptions in isolation would result in significantly higher fair value measurements. An increase in discount assumptions would result in a directionally opposite change in the assumptions for EBITDA and revenue multiple resulting in lower fair value measurements.

For real estate investments, a change in the revenue growth rate generally would be accompanied by a directionally-similar change in the assumptions for in-place and market rent rates and stabilized occupancy rates. Significant increases in any of the unobservable inputs for in-place and market rent rates and stabilized occupancy rates in isolation would result in significantly higher fair values. An increase in these assumptions would result in a directionally-opposite change in the assumptions for discount rate, exit capitalization rate, and expense growth rate. Significant increases in the assumptions for discount rate, exit capitalization rate, and expense growth rate in isolation would result in significantly lower fair value measurements.

For CLO Notes, a change in the assumption used for spreads is generally accompanied by a directionally similar change in default rate. Significant increases in any of these inputs in isolation would result in a significantly lower fair value measurements.

12. GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Invesco Holding Company Limited, the Issuer and a subsidiary of Invesco Ltd. (the Parent), issued 5.375% \$350.0 million senior notes due 2013, and 5.375% \$200.0 million senior notes due 2014. (See Note 4, "Debt," for outstanding balances at June 30, 2012 and March 31, 2012.) These senior notes, are fully and unconditionally guaranteed as to payment of principal, interest and any other amounts due thereon by the Parent, together with the following 100% owned subsidiaries: Invesco Management Group, Inc., Invesco Advisers, Inc., IVZ Inc., and Invesco North American Holdings, Inc. (the Guarantors). The company's remaining consolidated subsidiaries do not guarantee this debt. The guarantees of each of the Guarantors are joint and several. Presented below are Condensed Consolidating Balance Sheets as of June 30, 2012, and December 31, 2011, Condensed Consolidating Statements of Income and Comprehensive Income for the three and six months ended June 30, 2012 and 2011, and Condensed Consolidating Statements of Cash Flows for the six months ended June 30, 2012 and 2011.

The Condensed Consolidating Balance Sheets, Condensed Consolidating Statements of Income and Comprehensive Income, and Condensed Consolidating Statements of Cash Flows included in this footnote have been revised from the disclosure provided in the company's Form 10-Q filed on August 1, 2012 to conform to the requirements of Rule 3-10 of Regulation S-X. The revised presentation of the Condensed Consolidating Balance Sheets grosses up the intercompany balances and presents them as current and non-current intercompany receivables and payables. In the prior disclosure, all intercompany revenue and expense sharing arrangements were presented on a net basis on the Condensed Consolidating Statements of Income. The revised presentation grosses up the intercompany balances and presents them separately as revenues and expenses. In the prior disclosure, certain intercompany loan, capital, and dividend activity was incorrectly classified in the Condensed Consolidating Statements of Cash Flows. The revised presentation corrects the classification of these amounts as cash flows from financing activities on the Condensed Consolidating Statements of Cash Flows.

These corrections to the presentation had no impact to the company's consolidated net income attributable to common shareholders, earnings per share or retained earnings. They did not have any impact on the total equity of the Guarantors, non-Guarantors, Issuer, or Parent entities, nor did these changes impact the non-intercompany balances. These corrections to the presentation had no impact on any liquidity measures of the company, nor did they impact ratios based on the company's balance sheet or income statement. They did not alter the net increase or decrease in cash for the Guarantors, non-Guarantors, Issuer, or Parent entities. There was no impact to the company's loan covenants as a result of these corrections.

The impact of the corrections on the affected condensed consolidating financial statement captions as previously reported in the Company's Form 10-Q for the period ended June 30, 2012 is quantified in the tables below.

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Impact of Revision on Guarantor Condensed Consolidating Balance Sheets

	Guarantors	Non-Guarantors	Issuer	Parent	Adjustments	Consolidated
\$ in millions						
June 30, 2012						
Increase/(decrease) in current intercompany receivables	564.8	330.8	90.2	—	(985.8)	—
Increase/(decrease) in current assets	564.8	330.8	90.2	—	(985.8)	—
Increase/(decrease) in non-current intercompany receivables	(564.8)	(330.8)	(5.8)	—	901.4	—
Increase/(decrease) in non-current assets	(564.8)	(330.8)	(5.8)	—	901.4	—
Increase/(decrease) in total assets	—	—	84.4	—	(84.4)	—
Increase/(decrease) in current intercompany payables	402.4	570.6	(4.1)	16.9	(985.8)	—
Increase/(decrease) in current liabilities	402.4	570.6	(4.1)	16.9	(985.8)	—
Increase/(decrease) in non-current intercompany payables	(402.4)	(570.6)	88.5	(16.9)	901.4	—
Increase/(decrease) in non-current liabilities	(402.4)	(570.6)	88.5	(16.9)	901.4	—
Increase/(decrease) in total liabilities	—	—	84.4	—	(84.4)	—
Increase/(decrease) in equity	—	—	—	—	—	—
December 31, 2011						
Increase/(decrease) in current intercompany receivables	439.1	383.4	5.8	—	(828.3)	—
Total change in current assets	439.1	383.4	5.8	—	(828.3)	—
Increase/(decrease) in non-current intercompany receivables	(439.1)	(383.4)	(5.8)	—	828.3	—
Increase/(decrease) in non-current assets	(439.1)	(383.4)	(5.8)	—	828.3	—
Increase/(decrease) in total assets	—	—	—	—	—	—
Increase/(decrease) in current intercompany payables	366.5	444.8	—	17.1	(828.3)	—
Increase/(decrease) in current liabilities	366.5	444.8	—	17.1	(828.3)	—
Increase/(decrease) in non-current intercompany payables	(366.5)	(444.8)	—	(17.1)	828.3	—
Increase/(decrease) in non-current liabilities	(366.5)	(444.8)	—	(17.1)	828.3	—
Increase/(decrease) in total liabilities	—	—	—	—	—	—
Increase/(decrease) in equity	—	—	—	—	—	—

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Impact of Revision on Guarantor Condensed Consolidating Statements of Income and Comprehensive Income						
	Guarantors	Non-Guarantors	Issuer	Parent	Adjustments	Consolidated
\$ in millions						
Three months ended June 30, 2012						
Increase/(decrease) in intercompany revenues	—	67.1	—	—	(67.1)	—
Increase/(decrease) in total operating revenues	—	67.1	—	—	(67.1)	—
Increase/(decrease) in intercompany expenses	—	67.1	—	—	(67.1)	—
Increase/(decrease) in total operating expenses	—	67.1	—	—	(67.1)	—
Three months ended June 30, 2011						
Increase/(decrease) in intercompany revenues	—	57.3	—	—	(57.3)	—
Increase/(decrease) in total operating revenues	—	57.3	—	—	(57.3)	—
Increase/(decrease) in intercompany expenses	—	57.3	—	—	(57.3)	—
Increase/(decrease) in total operating expenses	—	57.3	—	—	(57.3)	—
Six months ended June 30, 2012						
Increase/(decrease) in intercompany revenues	—	129.9	—	—	(129.9)	—
Increase/(decrease) in total operating revenues	—	129.9	—	—	(129.9)	—
Increase/(decrease) in intercompany expenses	—	129.9	—	—	(129.9)	—
Increase/(decrease) in total operating expenses	—	129.9	—	—	(129.9)	—
Six months ended June 30, 2011						
Increase/(decrease) in intercompany revenues	—	118.7	—	—	(118.7)	—
Increase/(decrease) in total operating revenues	—	118.7	—	—	(118.7)	—
Increase/(decrease) in intercompany expenses	—	118.7	—	—	(118.7)	—
Increase/(decrease) in total operating expenses	—	118.7	—	—	(118.7)	—

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Impact of Revision on Guarantor Condensed Consolidating Statements of Cash Flows

	Guarantors	Non-Guarantors	Issuer	Parent	Adjustments	Consolidated
\$ in millions						
Six months ended June 30, 2012						
Total change in net cash (used in)/provided by operating activities:	(244.8)	(130.8)	432.3	(46.5)	(10.1)	—
Total change in net cash (used in)/provided by investing activities:	—	(44.2)	(10.1)	—	54.2	—
Total change in net cash (used in)/provided by financing activities:	244.8	175.0	(422.2)	46.5	(44.1)	—
Total change in (decrease)/increase in cash and cash equivalents:	—	—	—	—	—	—
Six months ended June 30, 2011						
Total change in net cash (used in)/provided by operating activities:	323.1	36.0	(89.6)	(218.1)	(51.4)	—
Total change in net cash (used in)/provided by investing activities:	—	(90.1)	(51.4)	(0.1)	141.6	—
Total change in net cash (used in)/provided by financing activities:	(323.1)	54.1	141.0	218.2	(90.2)	—
Total change in (decrease)/increase in cash and cash equivalents:	—	—	—	—	—	—

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Revised Condensed Consolidating Balance Sheets

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Adjustments	Consolidated
As of June 30, 2012						
ASSETS						
Current assets:						
Cash and cash equivalents	12.6	703.5	2.3	—	—	718.4
Cash and cash equivalents of consolidated investment products	—	380.5	—	—	—	380.5
Unsettled fund receivables	—	487.1	—	—	—	487.1
Accounts receivable	152.3	246.1	—	—	—	398.4
Accounts receivable of consolidated investment products	—	114.7	—	—	—	114.7
Investments	4.1	338.8	—	1.6	—	344.5
Prepaid assets	11.8	39.4	—	0.2	—	51.4
Other current assets	51.0	56.1	2.2	0.1	(21.0)	88.4
Deferred tax asset, net	17.5	6.7	—	—	—	24.2
Assets held for policyholders	—	1,065.4	—	—	—	1,065.4
Intercompany receivables	581.3	369.1	419.1	—	(1,369.5)	—
Total current assets	830.6	3,807.4	423.6	1.9	(1,390.5)	3,673.0
Non-current assets:						
Investments	55.1	152.6	7.9	3.2	—	218.8
Investments of consolidated investment products	—	6,050.9	—	—	—	6,050.9
Security deposit assets and receivables	—	75.0	—	—	—	75.0
Other non-current assets	10.0	5.5	2.9	—	—	18.4
Deferred sales commissions	10.0	33.8	—	—	—	43.8
Property and equipment, net	138.7	175.9	—	—	—	314.6
Intangible assets, net	1,192.2	110.1	—	—	—	1,302.3
Goodwill	2,583.5	3,900.0	432.6	—	—	6,916.1
Deferred tax assets, net	—	30.1	—	—	(30.1)	—
Intercompany receivables	—	1,460.6	601.6	—	(2,062.2)	—
Investment in subsidiaries	458.2	276.7	5,143.4	8,515.6	(14,393.9)	—
Total non-current assets	4,447.7	12,271.2	6,188.4	8,518.8	(16,486.2)	14,939.9
Total assets	5,278.3	16,078.6	6,612.0	8,520.7	(17,876.7)	18,612.9
LIABILITIES AND EQUITY						
Current liabilities:						
Current maturities of total debt	—	—	333.5	—	—	333.5
Unsettled fund payables	—	472.7	—	—	—	472.7
Income taxes payable	—	61.8	9.3	—	(21.0)	50.1
Other current liabilities	124.7	481.9	8.7	0.7	—	616.0
Other current liabilities of consolidated investment products	—	187.0	—	—	—	187.0
Policyholder payables	—	1,065.4	—	—	—	1,065.4
Intercompany payables	402.4	612.9	—	354.2	(1,369.5)	—
Total current liabilities	527.1	2,881.7	351.5	354.9	(1,390.5)	2,724.7
Non-current liabilities:						
Long-term debt	589.0	—	419.1	—	—	1,008.1
Long-term debt of consolidated investment products	—	5,069.7	—	—	—	5,069.7

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Deferred tax liabilities, net	337.9	—	—	—	(30.1)	307.8
Security deposits payable	—	75.0	—	—	—	75.0
Other non-current liabilities	56.1	252.7	—	—	—	308.8
Intercompany payables	1,371.8	33.8	656.6	—	(2,062.2)	—
Total non-current liabilities	2,354.8	5,431.2	1,075.7	—	(2,092.3)	6,769.4
Total liabilities	2,881.9	8,312.9	1,427.2	354.9	(3,482.8)	9,494.1
Equity:						
Total equity attributable to common shareholders	2,396.4	6,812.7	5,184.8	8,165.8	(14,393.9)	8,165.8
Equity attributable to noncontrolling interests in consolidated entities	—	953.0	—	—	—	953.0
Total equity	2,396.4	7,765.7	5,184.8	8,165.8	(14,393.9)	9,118.8
Total liabilities and equity	5,278.3	16,078.6	6,612.0	8,520.7	(17,876.7)	18,612.9

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Revised Condensed Consolidating Balance Sheets (continued)

\$ in millions	Guarantors	Non-Guarantors	Issuer	Parent	Adjustments	Consolidated
As of December 31, 2011						
ASSETS						
Current assets:						
Cash and cash equivalents	20.6	703.2	3.1	0.5	—	727.4
Cash and cash equivalents of consolidated investment products	—	382.3	—	—	—	382.3
Unsettled fund receivables	—	444.4	—	—	—	444.4
Accounts receivable	163.6	260.8	—	—	—	424.4
Accounts receivable of consolidated investment products	—	98.5	—	—	—	98.5
Investments	4.2	266.2	—	13.3	—	283.7
Prepaid assets	9.7	41.5	—	—	—	51.2
Other current assets	39.3	120.3	1.1	0.2	(10.9)	150.0
Deferred tax asset, net	18.9	9.8	—	—	—	28.7
Assets held for policyholders	—	1,243.5	—	—	—	1,243.5
Intercompany receivables	477.0	421.4	34.8	—	(933.2)	—
Total current assets	733.3	3,991.9	39.0	14.0	(944.1)	3,834.1
Non-current assets:						
Investments	50.0	144.4	3.4	3.0	—	200.8
Investments of consolidated investment products	—	6,629.0	—	—	—	6,629.0
Security deposit assets and receivables	—	81.2	—	—	—	81.2
Other non-current assets	8.5	6.6	2.8	—	—	17.9
Deferred sales commissions	13.9	26.6	—	—	—	40.5
Property and equipment, net	145.3	167.5	—	—	—	312.8
Intangible assets, net	420.6	902.2	—	—	—	1,322.8
Goodwill	2,312.8	4,161.8	433.3	—	—	6,907.9
Intercompany receivables	333.0	1,450.5	567.8	—	(2,351.3)	—
Investment In Subsidiaries	1,228.2	5.6	5,116.3	8,465.0	(14,815.1)	—
Total non-current assets	4,512.3	13,575.4	6,123.6	8,468.0	(17,166.4)	15,512.9
Total assets	5,245.6	17,567.3	6,162.6	8,482.0	(18,110.5)	19,347.0
LIABILITIES AND EQUITY						
Current liabilities:						
Current maturities of total debt	—	—	215.1	—	—	215.1
Unsettled fund payables	—	439.6	—	—	—	439.6
Income taxes payable	—	63.1	7.4	—	(10.9)	59.6
Other current liabilities	144.3	685.4	11.1	0.7	—	841.5
Other current liabilities of consolidated investment products	—	175.1	—	—	—	175.1
Policyholder payables	—	1,243.5	—	—	—	1,243.5
Intercompany payables	366.5	507.5	29.9	29.3	(933.2)	—
Total current liabilities	510.8	3,114.2	263.5	30.0	(944.1)	2,974.4
Non-current liabilities:						
Long-term debt	539.0	—	530.6	—	—	1,069.6
Long-term debt of consolidated investment products	—	5,512.9	—	—	—	5,512.9
Deferred tax liabilities, net	29.6	244.4	—	—	—	274.0

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Security deposits payable	—	81.2	—	—	—	81.2
Other non-current liabilities	55.1	242.2	—	—	—	297.3
Intercompany payables	1,361.8	—	656.6	332.9	(2,351.3)	—
Total non-current liabilities	1,985.5					