

Press Release

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28 April 2010

F&C ASSET MANAGEMENT PLC

Proposed Acquisition of Thames River Capital

F&C Asset Management plc ("F&C" or the "Group") is pleased to announce that it has entered into a conditional agreement to acquire the Thames River Capital group ("Thames River Capital") for consideration of up to £53.6 million (comprising initial consideration of £33.6 million and conditional consideration of up to a further £20 million) payable in cash, loan notes and/or F&C shares as described below. Thames River Capital is a London-based, specialist asset management business with an estimated £4.2¹ billion of assets under management as at 31 March 2010.

The Board of F&C believes that this acquisition (the "Acquisition") represents an attractive opportunity to enhance F&C's business and is consistent with F&C's stated strategy of developing a multi-specialist asset management business both organically and by selective acquisitions.

Highlights of the Acquisition:

- Acquisition of a UK-based specialist asset management business providing products principally to wholesale and wealth management investors through nine investment teams (the "Investment Teams")
- Established sales and marketing capability within Thames River Capital comprising a team of 24 individuals with a proven track record of delivering new business flows
- Long-standing management team led by Charlie Porter, the Chief Executive Officer, and Jeremy Charles, the Chief Operating Officer
- Initial consideration of £33.6 million payable in cash or loan notes at completion and up to a further £20 million of conditional consideration payable in F&C shares or loan notes if Thames River Capital meets certain financial performance targets at 31 December 2011 and 30 June 2012
- Initial consideration for the Acquisition to be funded through a combination of a cash placing of F&C ordinary shares equal to approximately 5% of F&C's issued share capital (the "Placing"), F&C's existing cash resources and new indebtedness of £15 million
- F&C will acquire, through Thames River Capital (UK) Limited ("Thames River Capital UK"), an economic interest in the management fee profits and performance fee profits generated by the Investment Teams,

¹ Estimate based on management accounting records

which for the 11 month period ended 28 February 2010 amounted to approximately 40%² in aggregate of those total profits

- F&C has also agreed terms under which its economic interest in the share of management fee profits of all of the Investment Teams can be increased over time (the “Commutation Arrangements”)
- Retention and incentive plans have been agreed for Thames River Capital's key personnel under which conditional awards will be granted over F&C shares with a value equal to £35 million that will be subject, in the case of the incentive plan, to the achievement of certain financial targets and vest between 30 months and six years after completion of the Acquisition (the “Management Share Plans”)
- F&C to follow the same post-acquisition integration strategy for Thames River Capital as it adopted for its recent successful acquisition of REIT Asset Management. Appropriate governance and monitoring procedures will be implemented whilst allowing Thames River Capital to retain the distinctive investment style and culture that has made it successful
- Acquisition to exclude Nevsky Capital LLP, a current associated undertaking of Thames River Capital. Prior to completion of the Acquisition, Thames River Capital's interest in Nevsky Capital LLP will be demerged and will, thereafter, be directly held by the current Thames River Capital shareholders
- Acquisition and related arrangements will be subject to F&C shareholders' approval which will be sought at a general meeting. An explanatory circular will be sent to F&C shareholders as soon as is practicable
- Acquisition is anticipated to close in or before the third quarter of 2010

The key benefits of the Acquisition to F&C are:

- The F&C Board expects that the Acquisition will be earnings enhancing for the first full financial year following completion on an underlying basis excluding exceptional items³. The F&C Board also expects the Acquisition to create material value for F&C's shareholders over the medium term with significant potential cross-selling opportunities and other benefits
- Acceleration of the diversification of the Group beyond its traditional core business and client channels into higher growth and higher fee margin product areas which is likely to result in an increased average fee margin across the enlarged Group
- Broadening of F&C's range of specialist products, with an additional suite of attractive funds with established and marketable track records, including absolute return funds
- Enhancement of F&C's distribution capabilities specifically in the wholesale and wealth management segments where Thames River Capital has a proven track record of generating new business, complementing F&C's current capabilities
- Significant cross-selling opportunities across the enlarged Group
- Addition of an established, entrepreneurial business that is likely to improve the overall growth profile of the enlarged Group and further develop F&C's multi-specialist business model

² Based on the total management fee profits and performance fee profits of the Investment Teams for the specified period after deduction of costs and partners' base drawings. The interest that F&C will acquire, through Thames River Capital UK, in the management fee profits and performance fee profits generated by the Investment Teams differs in the case of each Investment Team.

³ Prior to one-off costs associated with the Acquisition and the subsequent integration and share-based payment accounting costs associated with the Management Share Plans.

As disclosed in the interim management statement published by F&C today, the Group's assets under management rose 3.8% over the first three months of the year to £101.5 billion as at 31 March 2010. This reflected a combination of positive market movements and net fund inflows. Foreign exchange movements did not have a material impact on assets under management over the quarter.

F&C began the year with an improved outlook for fund flows based on the strong investment performance delivered over 2009 and a significantly enhanced position with investment consultants. During the first quarter, F&C saw gross inflows of £862 million in institutional funds, reflecting the partial funding of the pipeline of mandates won during the second half of 2009 and further wins, and £460 million inflows into third-party mutual funds (OEICs and SICAVs). These contributed to a total net inflow across all product types of £117 million for Q1 2010. Net fund flows were positive across institutional funds, OEICs, SICAVs and sub-advisory clients. Key products attracting new business included emerging market debt, global convertibles and equity-linked bond funds. Insurance funds and investment trusts were the two client categories where F&C saw net outflows. In the case of insurance net outflows (£147 million), these were at their lowest level in five years. Investment trust net outflows of £280 million reflected the loss of a single mandate which had been previously highlighted.

Overall, management believes the business is trading in line with its expectations.

COMMENTS:

Commenting on the proposed Acquisition, Alain Grisay, Chief Executive of F&C, said:

'We recently reported strong investment performance during 2009 and an improved outlook for fund flows. Indeed, we have separately announced this morning that our business saw net inflows during the first quarter and is trading in line with our expectations. Having made good progress with our core business, our focus now is to increase the momentum of our sales into higher fee margin products. I am therefore delighted to announce the acquisition of Thames River Capital, which we believe will accelerate the shift to higher fee margin products and enhance our distribution capabilities.'

Following our successful acquisition of REIT Asset Management in 2008, this acquisition represents an important milestone in the development of our multi-specialist business model. Importantly, we want to preserve the distinctive investment style and culture that has made Thames River Capital successful. We believe this will also ensure minimal disruption to existing clients and provide the enlarged F&C group with a broader range of capabilities to service client needs and create shareholder value.'

Charlie Porter, Chief Executive of Thames River Capital, said:

'We think that a combination of F&C and Thames River Capital will create one of the most dynamic asset management firms in London, bringing together the history, strength and reach of F&C with all of those attributes of modern asset management that are embedded in Thames River Capital. The transaction will give us access to a wider infrastructure and a larger stage, while F&C are also particularly keen to preserve our vibrant culture within their framework.'

Since 1998, we believe we have created a remarkable business at Thames River Capital which has attracted and retained some of the best talent in the industry, be it in fund management, distribution or infrastructure. In F&C, we will gain a shareholder that appreciates what we have achieved and wants to preserve the extraordinary spirit which defines Thames River Capital and help us to expand it further. The industrial logic, shared view of the industry's future, and cultural fit are excellent and we are excited about the future for the enlarged business.'

- ENDS -

Lexicon Partners Limited (“Lexicon”), Citigroup Global Markets Limited (“Citi”) and HSBC Bank plc (“HSBC”) are acting as joint financial advisers to F&C in relation to the proposed Acquisition.

Citi and J.P. Morgan Securities Ltd. (which conducts its UK investment banking business as “J.P. Morgan Cazenove”) are acting as joint sponsors solely in connection with the production of a Class 1 circular relating to the proposed Acquisition.

HSBC is mandated as lead arranger of the loan facilities provided to F&C in relation to the proposed Acquisition.

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A dial-in call for analysts and institutional investors will take place at 8:30 a.m. (GMT) today with the presentation slides made available online at www.fcamlc.com/investors from 7:00 a.m. (GMT). To join the call, dial +44 (0) 1452 568 051 and enter the participant code 72029556.

This summary should be read in conjunction with the full text of the following announcement.

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28 April 2010

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F&C Asset Management plc ("F&C" or the "Group") is pleased to announce that it has entered into an agreement, subject to the approval of F&C's shareholders, to acquire the Thames River Capital group ("Thames River Capital"), a London-based, specialist asset management business with (as at 31 March 2010) an estimated £4.2⁴ billion of assets under management, for consideration of up to £53.6 million (comprising initial consideration of £33.6 million and conditional consideration of up to a further £20 million) payable in cash, loan notes and/or F&C shares as described below (the "Acquisition").

The Board of F&C believes that this transaction represents an attractive opportunity to enhance F&C's business and is consistent with F&C's strategy of developing a multi-specialist asset management business both organically and by selective acquisitions. It believes that the Acquisition will accelerate the diversification of the Group beyond its traditional core business and client channels into higher growth and higher fee margin product areas. The F&C Board expects the Acquisition to be earnings enhancing for the first full financial year following completion on an underlying basis excluding exceptional items⁵. The F&C Board also expects that the Acquisition will create material value for F&C's shareholders over the medium term with significant potential cross-selling opportunities and other benefits.

It is currently anticipated that the Acquisition will close in or before the third quarter of 2010.

The cash consideration for the Acquisition will be funded through a combination of a non-pre-emptive cash placing of F&C ordinary shares equal to approximately 5% of F&C's issued share capital (the "Placing"), F&C's existing cash resources and new indebtedness of £15 million.

RATIONALE FOR THE ACQUISITION

Since the announcement of its three year plan in 2007, F&C's strategy has been to develop, both organically and by selective acquisitions, a multi-specialist asset management business and further diversify its sources of revenue and clients. One part of this strategy is to add higher growth and higher margin products to F&C's existing capabilities and to improve its overall distribution footprint.

F&C's acquisition strategy is focused on acquiring businesses with complementary products and distribution reach to its existing business, with strong management teams which can be retained and incentivised to create value for F&C's shareholders through an alignment of economic interests. F&C has, through its acquisition of REIT Asset Management in 2008, demonstrated its capacity to acquire and preserve value in an entrepreneurial business.

The F&C Board believes that the proposed Acquisition represents an attractive opportunity to broaden F&C's specialist investment management capabilities in multiple product areas, augment its sales and marketing skills and expand its distribution footprint, thereby accelerating the achievement of F&C's strategic objectives.

⁴ Estimate based on management accounting records.

⁵ Prior to one-off costs associated with the Acquisition and the subsequent integration and share-based payment accounting costs associated with the Management Share Plans.

The F&C Board also believes that the Acquisition will provide the following key benefits for the Group:

- *Broader product range and cross-selling opportunities*

Thames River Capital's range of specialist products, which includes high alpha and absolute return products, will complement F&C's existing investment capabilities. The investment professionals within Thames River Capital manage a range of rated investment products with established, marketable track records providing significant opportunities for cross-selling across the enlarged Group.

- *Enhanced distribution capability*

Thames River Capital has a proven distribution capability comprising experienced sales and marketing professionals with a strong track record of distribution in its current markets. In the calendar year ended 31 December 2009, Thames River Capital had gross sales of approximately £1.2 billion (excluding its sales of the products of Nevsky Capital LLP, an associated undertaking, as set out in the table on page 9). Thames River Capital is focused on the wholesale and wealth management segments which would supplement F&C's existing distribution footprint. For the calendar year ended 31 December 2009, Thames River Capital's gross sales were 89% retail/wholesale and 11% institutional, while F&C's gross sales were 22% retail/wholesale and 78% institutional.

- *Expanding the franchise*

In addition to its existing suite of investment capabilities, Thames River Capital has a proven ability to attract new investment talent as a result of its robust platform, distribution capability and flexible incentive structures which align the interests of the Investment Team members with those of Thames River Capital. It is intended that Thames River Capital will continue to expand its capabilities under F&C ownership.

- *Diversification of revenues and enhanced revenue margins*

Thames River Capital manages investment products in specialist sectors and strategies which command margins that are higher than F&C's average net fee margin. In particular, during the calendar year ended 31 December 2009, Thames River Capital achieved an average net management fee margin of 90 bps of assets under management compared to F&C's average net management fee margin during that same period of 22 bps. The acquisition of Thames River Capital would provide further diversification of F&C's current business in terms of products, client base and types of fees. The F&C Board believes that, following the acquisition of Thames River Capital, the overall revenue yield for the Group will be enhanced.

- *Further development of F&C's multi-specialist business model*

Building on the successful acquisition of REIT Asset Management in 2008, the F&C Board believes that the Acquisition will bring a well established, entrepreneurial business with a strong management team to the Group and improve its growth profile. Given the limited product and operational overlap between Thames River Capital and F&C's existing activities, and that Thames River Capital will continue to operate as a largely autonomous business within the Group, it is expected that there will be limited overall disruption to the business as a result of the Acquisition.

- *Value creation*

The F&C Board believes that the acquisition of Thames River Capital will be earnings enhancing for F&C for the first full financial year following completion of the acquisition on an underlying basis and prior to one-off costs associated with the Acquisition and the subsequent integration and share-based payment accounting costs associated with the Management Share Plans. The F&C Board also expects

that the Acquisition will create material value for F&C's shareholders over the medium term with significant potential cross-selling opportunities and other benefits.

For the reasons set out above, the F&C Board believes that the acquisition of Thames River Capital represents an attractive opportunity for F&C which will be beneficial for F&C shareholders, enhance F&C's existing strong business model, accelerate the achievement of F&C's strategic objectives and result in an improved growth outlook for the enlarged business.

INFORMATION ON THAMES RIVER CAPITAL

Thames River Capital was founded in 1998. Its principal activity is the provision of specialist asset management products and services to wholesale and wealth management investors. Thames River Capital offers both traditional and alternative investment management through a number of single and multi-manager funds. There are currently nine investment teams in Thames River Capital.

In the financial year to 31 March 2009, Thames River Capital reported net revenues of £53.1 million, profits before tax of £6.3 million, gross assets of £26.7 million and assets under management of £3.8 billion as at the financial year end. The Thames River Capital cost base comprised £23 million payments to Individual Members and £25 million of other operating costs. These figures do not include Thames River Capital's share of the profits of an associated undertaking, Nevsky Capital LLP, or Nevsky Capital LLP's assets under management, since prior to completion of the Acquisition, Thames River Capital's interest in Nevsky Capital LLP will be demerged from Thames River Capital and will, thereafter, be directly held by the current Thames River Capital shareholders. Nevsky Capital LLP will then cease to be an associated undertaking of Thames River Capital.

Business overview

Thames River Capital operates its business through two limited liability partnerships, Thames River Capital LLP and Thames River Multi-Capital LLP (the "LLPs"). Between them, the LLPs have nine investment teams (the "Investment Teams") which, as at 31 March 2010, had an estimated total of £4.2⁶ billion of assets under management. All nine Investment Teams operate under a single, centralised administrative and operational platform, provided by Thames River Capital.

Thames River Capital also has a central management team, led by Charlie Porter, the Chief Executive Officer of Thames River Capital UK Limited ("Thames River Capital UK") and the LLPs.

Thames River Capital's interest in the LLPs is held through Thames River Capital UK, the corporate member of the LLPs. The other members of the LLPs are either investment managers of the funds managed by the Investment Teams (the "Individual Members"), or members of Thames River Capital's central management team. Thames River Capital UK currently shares profits generated by the Investment Teams with the relevant Individual Members of each team; for the eleven month period ended 28 February 2010, Thames River Capital UK had an aggregate economic interest in the total management fee profits and performance fee profits generated by the Investment Teams of approximately 40%⁷. The governing deeds for each of the LLPs reserve significant rights over key decisions relating to the business of each of the LLPs to the Individual Members of those LLPs. Thames River Capital UK's control of the LLPs is limited by these rights.

⁶ Estimate based on management accounting records.

⁷ Based on the total management fee profits and performance fee profits of the Investment Teams for the specified period after deduction of costs and partners' base drawings. The interest that F&C will acquire, through Thames River Capital UK, in the management fee profits and performance fee profits generated by the Investment Teams differs in the case of each Investment Team.

Currently, Thames River Capital has a staff of 135 Individual Members and employees. Thames River Capital's principal place of business is London and it also has offices in Frankfurt, Luxembourg and Cape Town.

Investment Teams and assets under management

Eight of the Investment Teams are in Thames River Capital LLP and one is in Thames River Multi-Capital LLP. The teams focus on the following asset classes and strategies:

- Global Bond: Four funds with an absolute return approach in the global government bond asset class (OECD sovereigns). The team is headed by Peter Geikie-Cobb and Paul Thursby.
- Funds of Alternative Funds: A group of alternative funds managed using an opportunistic process focused on selecting strong managers across multiple strategies. The team is headed by Ken Kinsey-Quick and Alex Kuiper.
- Global Credit: Three funds which invest in corporate debt across developed and emerging markets. Their approach analyses both the global economic outlook and individual corporates. The team is headed by Steve Drew and Mehrdad Noorani.
- Real Estate: An award-winning team principally managing real estate equities; the team manages an investment trust and a long-only fund as well as a long/short equity fund. The team is headed by Marcus Phayre-Mudge and Chris Turner.
- Multi-Capital: A team focusing on long-only manager selection, with an emphasis on boutique-style investment managers. The team is headed by Rob Burdett and Gary Potter.
- European Equity (long-only): A team managing a long-only product, based on a fundamental investment approach seeking long-term value. The team is headed by Trygve Toraasen.
- European Equity (long/short): A team focusing on stock selection and opportunistic trading. The team is headed by James van den Bergh and Jeff Thomson.
- Aqua: A team managing a thematic fund focused on water/agriculture, using an investment process based on bottom-up stock selection taking an absolute return approach. The team is headed by Kristof Bulkai.
- Quantum: A team managing an income fund, offering a purely quantitative approach to investment management. The team is headed by Joel Amsellem.

At 31 March 2010, Thames River Capital's assets under management were split by asset class and/or strategy as follows:

Global Bond	24.0%
Funds of Alternative Funds	22.7%
Global Credit	20.8%
Real Estate	18.1%
Multi-Capital	11.2%
European (long-only)	1.7%
European (long/short)	0.7%
Aqua	0.5%
Quantum	0.2%

Thames River Capital manages assets primarily in pooled investment funds, which accounted for approximately 98% of total assets under management as at 31 March 2010. Thames River Capital earns revenues by charging management fees and performance fees. At 31 March 2010, funds representing over 89% of total Thames River Capital assets under management were subject to a fee structure that included both a management fee and a performance fee component, whilst the remainder was subject to management fees alone. Management fees are charged on total assets under management irrespective of investment performance, net of rebates to certain third-party distributors. Performance fees are earned as a function of both assets under management and investment performance which can be measured relative to a benchmark and/or on an absolute performance basis, depending on the fund. Of the funds which may pay a performance fee, as at 31 March 2010 31% by AUM exceeded their high-water mark and were earning performance fees.

Thames River Capital has produced an investment performance track record which has earned it strong investment ratings across a number of asset classes. Eleven funds managed by Thames River Capital are rated from A to AAA by Standard & Poor's.

Despite difficult markets in recent years, Thames River Capital has delivered strong sales as set out below.

AUM Flows	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009	Q1 2010
	£ millions	£ millions	£ millions	£ millions
Total Gross Inflows:	2,539	2,990	3,651	1,018
<i>Thames River Capital</i>	1,722	1,784	1,193	503
<i>Nevsky Capital</i>	817	1,206	2,458	515
Total Gross Outflows:	(1,757)	(2,610)	(2,686)	(673)
<i>Thames River Capital</i>	(1,431)	(1,559)	(1,600)	(300)
<i>Nevsky Capital</i>	(326)	(1,051)	(1,086)	(373)
Total Net AUM Flows:	782	380	965	345
<i>Thames River Capital</i>	291	225	(407)	204
<i>Nevsky Capital</i>	491	155	1,372	141

Note: The table sets out the gross sales and outflows for products managed or advised by Thames River Capital and its associated undertaking, Nevsky Capital LLP. In 2007 and 2008, a majority of Thames River Capital's gross sales related to the sale of products managed or advised by Thames River Capital, whilst in 2009 a majority of gross sales related to the sale of products of managed or advised by Nevsky Capital LLP. Prior to completion of the Acquisition, Thames River Capital UK's minority interest in Nevsky Capital LLP will be de-merged from Thames River Capital. Following completion, inflows and outflows of Nevsky Capital LLP products will not be included in the enlarged Group's AUM and fund flows.

Thames River Capital's investor base is broad and includes IFAs, commercial and private banks, wealth managers, institutions and family offices. These investors are based principally in the United Kingdom and continental Europe, with further investors in Asia, the Middle East, and Africa.

Group structure

Thames River Capital UK (a wholly-owned subsidiary of Thames River Capital Holdings Limited) is the corporate member of the LLPs, through which the business of Thames River Capital is conducted. Each LLP is regulated by the Financial Services Authority in the United Kingdom and provides investment management and advisory services to its investment funds. All sales, marketing, distribution, operational, risk monitoring, legal, compliance, financial control and information technology services are provided to the LLPs by Thames River Capital UK under a service contract. Thames River Capital UK also provides similar services to Nevsky Capital LLP and will continue to do so following completion of the Acquisition under the current services agreement until the end of 2011. This agreement may be renewed thereafter. Thames River Capital UK's

representatives also provide business strategy and leadership together with day-to-day business management to each LLP.

Key personnel

The key personnel of Thames River Capital are its management and the heads of certain Investment Teams. In addition to the key investment personnel identified in the section headed "Investment teams and assets under management", the key management personnel are Charlie Porter (Chief Executive), Jeremy Charles (Chief Operating Officer), Loudon Greenlees (Commercial Director), Toby Hampden-Acton (Chief Compliance and Risk Officer), and Michael Warren (Investment Director).

KEY TERMS OF THE ACQUISITION

Under the terms of the Acquisition, F&C will indirectly acquire 100% of the issued share capital of Thames River Capital UK and thereby indirectly acquire Thames River Capital UK's economic and membership interests in the LLPs. This will be achieved pursuant to the terms of a conditional agreement (the "Acquisition Agreement") that F&C has entered into with the sellers under which F&C will acquire a newly incorporated company which will at completion own 100% of the issued share capital of Thames River Capital Holdings Limited.

The consideration payable by F&C for the Acquisition will be up to £53.6 million comprised as follows:

- £33.6 million payable in cash or loan notes at completion of the Acquisition; and
- up to a further £20 million of deferred consideration, which is payable in two instalments, shortly after 31 December 2011 and 30 June 2012 and contingent on Thames River Capital achieving certain financial targets at each of those dates, details of which are set out below, in the form of F&C shares equal in value to the relevant amount or, in limited circumstances, in loan notes (the "Conditional Consideration Payment").

The consideration payable at completion will be subject to adjustment if the consolidated net asset value of Thames River Capital at completion (as set out in completion accounts to be prepared following completion) exceeds or falls short of an agreed target amount.

The first instalment of the Conditional Consideration Payment is a variable amount dependent on the run-rate EBITDA (earnings before interest, tax, depreciation and amortisation) of Thames River Capital as at 31 December 2011 (the "December 2011 Run-Rate EBITDA"). This instalment becomes payable if the December 2011 Run-Rate EBITDA exceeds £12.5 million and the amount payable increases on a linear basis from zero to a maximum of £10 million, which amount is payable if the December 2011 Run-Rate EBITDA equals or exceeds £15 million.

The second instalment of the Conditional Consideration Payment varies by reference to the run-rate EBITDA of Thames River Capital as at 30 June 2012 (the "June 2012 Run-Rate EBITDA"). This instalment becomes payable if the June 2012 Run-Rate EBITDA exceeds £15 million and the amount payable increases on a linear basis from zero to a maximum of £10 million, which amount is payable if the June 2012 Run-Rate EBITDA equals or exceeds £17 million.

The number of any F&C shares to be issued in satisfaction of the Conditional Consideration Payment will be based on the average closing price of F&C shares for the period of 5 business days ending 2 business days immediately prior to their issue. As part of the agreed terms of the Acquisition, F&C may, in the future, increase its interest in the share of management fee profits of each of the Investment Teams by up to an additional 20% through a series of arrangements between F&C, Thames River Capital UK and members of the

LLPs (the "Commutation Arrangements"); part of that increase will occur in respect of certain Investment Teams at completion. The consideration payable by F&C under the Commutation Arrangements is intended to be paid in the form of F&C shares equal in value to the relevant amount but may, in certain circumstances be payable, at F&C's sole discretion, in cash. The Commutation Arrangements are described in greater detail below.

Subject to completion of the Acquisition F&C is also proposing to establish retention and incentive plans for Thames River Capital personnel under which conditional awards will be granted over a fixed number of F&C shares with a value equal, in aggregate, to £35 million that will vest between 30 months and six years after completion of the Acquisition.

Completion of the Acquisition and the other arrangements described above are conditional upon, amongst other things, the approval of F&C's shareholders. A circular setting out the details of the Acquisition and Notice of a General Meeting to seek approval for the Acquisition will be posted to F&C shareholders in due course.

Principal terms of the Commutation Arrangements

Under the Commutation Arrangements, Thames River Capital UK's participation in the management fee profits⁸ generated by the Investment Teams will potentially increase by up to an additional 20%, typically increasing from c. 50% to c. 70%. The Commutation Arrangements are structured as follows:

- 18 months after completion of the Acquisition, at the option of each relevant Investment Team, F&C would purchase, through Thames River Capital UK, an additional share of 10% of the management fee profits of each Investment Team, such that Thames River Capital UK's share of management fee profits increases from the existing entitlement and the relevant Investment Team's share is correspondingly reduced; and
- 36 months after completion of the Acquisition, F&C would have the option to purchase, through Thames River Capital UK, an additional 10%, or, to the extent an Investment Team had not exercised its option for the first commutation at 18 months, the full 20%, of the management fee profits of each Investment Team.

The option for the Investment Teams to sell a 10% share of management fee profits at 18 months post-completion will be conditional on the relevant Investment Team's net funds flows being positive for the 12 months prior to the relevant exercise date, although F&C is able to waive this condition. In certain circumstances, the ability to exercise the relevant option will be deferred for a further 12 months.

In the case of the Global Bond Investment Team, F&C, through Thames River Capital UK, will acquire 10% of the management fee profits of that Investment Team at completion of the Acquisition. The consideration for this is intended to be paid in part in the form of F&C shares and in part in cash. A further 10% of the management fee profits of that Investment Team may be put at 18 months after completion or (if not already acquired) acquired at 36 months after completion through the option structure described above.

In the case of the Fund of Alternative Funds Investment Team, F&C's acquisition, through Thames River Capital UK, of a 10% increase in the management fee profits attributable to one fund (Thames River Capital Multi Hedge PCC Limited - Hedge +) ("Hedge +") will take place at completion of the Acquisition. The consideration for this is intended to be paid in the form of F&C shares. The options at 18 months and 36 months after completion remain as described above, although different calculations apply so that 10% of management fee profits attributable to the Fund of Alternative Funds Investment Team other than in relation to Hedge + may be put at any time between 12 and 18 months after completion if net fund flows are positive

⁸ Management fee profits of the Investment Teams are calculated after deduction of costs and partners' base drawings.

or (if not exercised at such stage) may be acquired at 36 months after completion, together with (at 36 months after completion) a further 10% share of the overall management fee profits for that Investment Team.

These accelerated commutation arrangements in respect of the Global Bond Investment Team and Hedge + relate to the profits generated by funds representing, as at 31 March 2010, approximately 30% of Thames River Capital's AUM.

The consideration for all further Commutation Arrangements will be satisfied in the form of F&C shares or, in a number of circumstances, at F&C's discretion, cash. The consideration for the Commutation Arrangements will be calculated by reference to the profits attributed to each Investment Team valued at a 25% discount to F&C's 12-month Enterprise Value to EBITDA multiple. Where consideration is satisfied in the form of F&C shares, the number of shares issued will be equal in value to the relevant consideration, based on the market value of F&C shares at the time of completion of the option ("Commutation Shares"). 50% of the Commutation Shares payable to each Individual Member within the relevant Investment Team will be delivered on completion of the option, and 50% will be issued or bought in the market but retained for a further two years, subject to forfeiture if such Individual Member ceases to be a member of the relevant LLP (other than as a good leaver). Where cash is to be paid as an alternative to this second 50% of shares, such payment will be deferred for two years subject to similar forfeiture provisions. The maximum consideration payable under the Commutation Arrangements will be £81.4 million.

F&C is seeking authority from F&C shareholders to issue a maximum of 122,511,485 Commutation Shares. To the extent that such number is insufficient to satisfy the consideration payable pursuant to the Commutation Arrangements, F&C will pay the shortfall in cash or buy the shares in the market.

The Commutation Arrangements only relate to the management fee profits of the Investment Teams. The performance fee profit participation arrangements of the relevant Investment Teams will remain unchanged.

Principal terms of the Management Share Plans

Retention and incentivisation of key professionals is critical to the future success of the enlarged Group. While fund managers in Thames River Capital are incentivised and retained through their membership interests, including arrangements for the sharing of management fee profits and performance fee profits, there are a number of personnel in Thames River Capital who are not investment professionals. In order to retain and incentivise certain of these non-investment professionals, F&C is seeking shareholder approval to establish the following two Management Share Plans.

Management Retention Plan

Under the Management Retention Plan, awards over a total of 21,747,152 ordinary shares in F&C (equal in value to £15 million, based on a price of 68.97 pence per F&C share (representing a premium of 5.6% to the closing share price prior to the date of this announcement)) will be granted to key individuals within Thames River Capital. These awards will vest three years after completion of the Acquisition, subject to continued employment within the enlarged Group or membership of the relevant LLP (as the case may be). The terms of the Management Retention Plan will include good leaver provisions and bad leaver provisions.

Management Incentive Plan

Under the Management Incentive Plan, awards over a total of 28,996,202 ordinary shares in F&C (equal in value to a further £20 million, based on a price of 68.97 pence per F&C share (representing a premium of 5.6% to the closing share price prior to the date of this announcement)) will be granted to participants. Awards under the Management Incentive Plan will vest only upon achievement of specified financial targets as follows:

- 12.5% of the shares subject to awards will vest on the 30 month anniversary of completion of the Acquisition provided that the run-rate EBITDA of Thames River Capital as at 31 December 2011 is £15 million or more. If the run-rate EBITDA is £12.5 million or less, no shares will vest and there will be a linear interpolation of the shares that vest if the run-rate EBITDA falls between these two thresholds;
- 12.5% of the shares subject to awards will vest on the 36 month anniversary of completion of the Acquisition provided that the run-rate EBITDA of Thames River Capital as at 30 June 2012 is £17 million or more. If the run-rate EBITDA is £15 million or less, no shares will vest and there will be a linear interpolation of the shares that vest if the run-rate EBITDA falls between these two thresholds; and
- the remaining 75% of the shares subject to awards will vest in two equal instalments on each of the fifth and sixth anniversaries of completion of the Acquisition provided that the cumulative EBITDA of Thames River Capital in the four year period to 31 March 2014 is equal to £100 million or more. If the cumulative EBITDA is equal to £60 million or less, no shares will vest and there will be a linear interpolation of the shares that vest if the run-rate EBITDA falls between these two thresholds, subject in each case to continued employment within the enlarged Group or membership of the relevant LLP (as the case may be). The terms of the Management Incentive Plan will include good leaver provisions and bad leaver provisions. In addition, participants in the Management Incentive Plan will receive a cash payment (up to a maximum aggregate amount of £3 million), payable at the time that shares are delivered and in proportion to the number of shares which vest.

Other terms of the Management Share Plans are consistent with the terms of F&C's existing share plans, including those relating to leavers, change of control and dividends.

F&C intends that the F&C shares issued pursuant to the Management Share Plans should not count against the 10% dilution limit applicable to the existing F&C share plans and F&C will seek shareholder approval of amendments to such share plans to this effect at the general meeting that is to be called in connection with the Acquisition.

OTHER ARRANGEMENTS POST ACQUISITION

Following completion of the Acquisition, F&C intends for Thames River Capital to continue to function as a largely autonomous business within the enlarged Group but supported by the distribution network and operating platform of the enlarged Group. There will be no changes to the management structure of Thames River Capital, but with effect from completion of the Acquisition, advisory councils will be established within each of the LLPs. Each advisory council will comprise three members, two of whom will be representatives appointed by F&C, chosen from F&C's non-executive directors. Initially these F&C representatives will be Kieran Poynter and Keith Bedell-Pearce, who will chair each council. The third member will be Andrew Brown, currently a non-executive director of Thames River Capital UK. The role of these councils will be to provide appropriate non-executive oversight of the management of the LLPs.

F&C will also have the right to appoint two representatives as additional directors on the board of directors of each company within Thames River Capital, including Thames River Capital UK. Initially, these representatives will be Alain Grisay, the Chief Executive Officer of F&C, and Richard Wilson, F&C's Head of Equities.

Charlie Porter, Thames River Capital's Chief Executive Officer and Jeremy Charles, Thames River Capital's Chief Operating Officer, will remain on the board of Thames River Capital UK at completion of the Acquisition but the remaining existing members of that board will resign at or before completion.

FINANCING FOR THE ACQUISITION

F&C will fund the cash consideration payable at completion of the Acquisition in part:

- out of its existing cash resources;
- by way of the Placing announced today of up to 24,807,145 F&C shares (representing approximately 5% of F&C's issued share capital as at 27 April 2010, being the business day immediately prior to the date of this announcement) on a non-pre-emptive basis; and
- by borrowing £15 million under a bridge facility entered into with HSBC Bank plc ("HSBC"), repayable on 31 December 2010. F&C is considering refinancing the £15 million bridge facility (either before or after drawdown) by a further issue of its existing bonds due 2016.

HSBC is also providing a £20 million revolving credit facility to be used for working capital and general corporate purposes.

INFORMATION ON THE ENLARGED F&C GROUP

Strategy of the enlarged Group

Following completion, F&C intends that Thames River Capital will continue to function largely as an autonomous group but supported by the distribution network and operating platform of the enlarged Group.

F&C intends to continue to develop as a broadly diversified asset management group. Its strategy will be to continue to expand its presence in higher margin products and to further strengthen its distribution capability.

Management and Governance of the enlarged Group

On completion of the Acquisition, Charlie Porter, Chief Executive of Thames River Capital, will join the F&C Executive Committee. There will be no other immediate changes to the management structure and no changes to the F&C Board.

F&C CURRENT TRADING

F&C announced its annual results for the year ended 31 December 2009 on 10 March 2010. F&C reported underlying earnings per share of 5.8 pence and maintained its full-year dividend of 6.0 pence. Net revenues of £225.1 million were stable on the previous year (2008: £229.9 million), supported by a sharp rise in performance-related fees.

F&C also reported at its results that 2009 had been a strong year for core investment performance and that it had seen good progress in improving its position with investment consultants. The group also disclosed that it began the year with a pipeline of institutional mandates won, but awaiting funding, of £1.4 billion.

Over the three months to 31 March 2010, assets under management have risen 3.8 per cent from £97.8 billion to £101.5 billion as a result of positive market movements and improved fund flows. During the first quarter of 2010 F&C saw a total net inflow of £117 million, with net inflows in all client categories except insurance and investment trusts.

Management believe the business is trading in line with their expectations.

On 23 April 2010 the Board of F&C Commercial Property Trust Limited ("FCPT") announced that it had received a proposal which would result in the merger of FCPT with UK Commercial Property Trust.

F&C notes that the Board of FCPT has not issued a recommendation to its shareholders. The Board of FCPT has stated that it will carefully consider this proposal, taking into account the best interest of all of its

shareholders and there can be no certainty as to whether or not the proposal will result in any scheme being implemented.

During 2009, F&C's share of fees earned from the management of FCPT and other services provided to the company were approximately £5.3 million. This included F&C's share of a £3.5 million performance fee following a year of strong investment performance.- ENDS –

Lexicon Partners Limited ("Lexicon"), Citigroup Global Markets Limited ("Citi") and HSBC Bank plc ("HSBC") are acting as joint financial advisers to F&C in relation to the proposed Acquisition.

Citi and J.P. Morgan Securities Ltd. (which conducts its UK investment banking business as "J.P. Morgan Cazenove") are acting as joint sponsors solely in connection with the production of a Class 1 circular relating to the proposed Acquisition.

HSBC is mandated as lead arranger of the loan facilities provided to F&C in relation to the proposed Acquisition.

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A dial-in call for analysts and investors will take place at 8:30 a.m. (GMT) today with the presentation slides made available online at www.fcamlc.com/investors at 7:00 a.m. (GMT). To join the call, dial +44 (0) 1452 568 051 and enter the participant code 72029556.

This announcement contains a number of "forward-looking statements" relating to certain current beliefs, plans, goals and expectations of F&C and its directors about F&C's business, its future financial condition, performance, results, strategy and objectives and the transactions that it describes. Statements containing the words "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond F&C's control including, among other things, UK domestic and global economic and business conditions, market related risks

such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation and deflation; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which F&C and its affiliates operate.

As a result, F&C's actual future financial condition, performance and results, and those of the entities which are the subject of the transactions described in this announcement, may differ materially from the beliefs, plans, goals, and expectations set forth in F&C's forward-looking statements. Readers are advised not to place undue reliance on these forward-looking statements, which speak only as at the date of this announcement. F&C and its directors, officers and advisers undertake no obligation to update the forward-looking statements contained in this announcement, save to the extent required by applicable laws and regulations, including the Listing Rules and the Disclosure and Transparency Rules. Nothing in this announcement should be considered as a profit forecast or be interpreted to mean that earnings per F&C share for the current or future financial years, or those of the enlarged F&C group, will necessarily match or exceed the historical published earnings per F&C share. Notwithstanding anything in this announcement, there can be no assurance that the transactions described in it will proceed or be consummated in the manner described herein.

Financial information regarding F&C's assets under management and/or average net management fee margins for the period ended, or as at, as the case may be, 31 December 2009 are taken from F&C's audited annual accounts for the year ended 31 December 2009.

Financial information regarding Thames River Capital's assets under management and/or average net management fee margins for the periods ended, or as at, as the case may be, 31 December 2007, 31 December 2008, 31 December 2009 and 31 March 2010 is unaudited and taken from Thames River Capital's internal management accounting records. Financial information regarding Thames River Capital UK's economic interest in the profits generated by the Investment Teams is unaudited and derived from Thames River Capital's internal management accounting records. Financial information regarding Thames River Capital's net revenues, profit before tax and gross assets for the year ending 31 March 2009 are unaudited but derived from Thames River Capital's audited annual report and accounts, after adjustments for restatement from UK GAAP accounting policies to IFRS and the exclusion of the results and balances related to Nevsky Capital LLP. Financial information regarding Nevsky Capital LLP's assets under management for the periods ended 31 December 2007, 31 December 2008, 31 December 2009 and 31 March 2010 are unaudited and taken from Thames River Capital's internal management accounting records.

This announcement is not for publication, release or distribution, directly or indirectly, in whole or in part, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia), Australia, Canada, Japan or the Republic of South Africa or any jurisdiction into which the same would be unlawful. This announcement does not constitute or form part of any offer to sell or solicitation of an offer to purchase or subscribe for any securities in the United States, Australia, Canada, Japan or the Republic of South Africa.

This announcement is not an offer of securities for sale in or into the United States. The F&C shares the subject of the Placing have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the laws of any State of the United States and may not be offered or sold in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of securities will be made in the United States.

This announcement, and any part of it, is for information purposes only and does not constitute, nor form part of, and should not be construed as, an offer or invitation or inducement to sell or issue, or a solicitation of any offer to purchase, any shares or other securities in F&C in any jurisdiction. Neither this announcement, nor any part of it, nor anything contained or referred to in it or referred to in any other written or oral information, nor the fact of its distribution, should form the basis of, nor be relied on in connection with, nor act as any inducement in relation to, a decision to purchase or subscribe for or enter into any contract or commitment whatsoever in relation to any such securities.

Lexicon, which is authorised and regulated by the Financial Services Authority, is acting as joint financial adviser to F&C and no one else in connection with the proposed Acquisition and is not acting for F&C on any other role in relation to the Acquisition, and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of Lexicon or for providing advice in relation to the proposed Acquisition, the Placing or any other arrangement referred to herein.

Citi, which is authorised and regulated by the Financial Services Authority, is acting solely for F&C as joint financial adviser in connection with the proposed Acquisition and as joint sponsor in connection with the production of a Class 1 circular relating to the proposed Acquisition and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of Citi or for providing advice in relation to the proposed Acquisition, the Placing or any other arrangement referred to herein.

HSBC, which is authorised and regulated by the Financial Services Authority, is acting solely for F&C as joint financial adviser in connection with the proposed Acquisition, specifically in relation to acquisition funding strategy, and is also acting as mandated lead arranger in connection with F&C's bridging loan facilities and revolving credit facility and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of HSBC or for providing advice in relation to the proposed Acquisition, the Placing or any other arrangement referred to herein.

J.P. Morgan Cazenove, which is authorised and regulated by the Financial Services Authority, is acting solely for F&C as joint sponsor in connection with the production of a Class 1 circular relating to the proposed Acquisition and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the proposed Acquisition, the Placing or any other arrangement referred to herein.

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