



Press Release

29 January 2004

HSBC IN EXCLUSIVE DISCUSSIONS TO TAKE OVER GARTMORE'S BACK OFFICE

Following a rigorous six-month due diligence and evaluation process, Gartmore has announced it is in exclusive discussions with HSBC about a "lift out" of Gartmore's high quality, London-based back office systems and people.

Subject to final negotiations and a staff consultation period, approximately 105 staff will transfer to HSBC. Together with HSBC's existing highly rated Fund Accounting and Custody operations, this move will support HSBC's creation of an enhanced outsourcing proposition for the European investment management industry.

The services that will be provided to Gartmore under the proposed arrangements will include transaction processing and related foreign exchange, custody, portfolio and fund accounting, and performance measurement for Gartmore's extensive European institutional and retail product ranges. It is envisaged that the migration of the work to HSBC will be completed in early 2005.

Mike Martin, Head of HSBC Securities Services, Europe said:

"Our Securities Servicing business, with some US\$1.3 trillion in assets under administration, is a very important part of HSBC and one for which we plan major growth over the coming years, both organically and by way of "lift out" transactions such as that proposed by Gartmore. We are delighted to have been chosen by Gartmore to support its business.

"This arrangement will enable us to leverage Gartmore's high quality operations, and related technology teams and systems, to strengthen our outsourcing proposition to the European investment management industry."

Gartmore's decision is in support of its strategy to focus management time on managing money and client service which has led to a number of outsourcing moves, including transfer agency, custody and fund accounting, over nearly ten years.

Chris Samuel, Chief Operating Officer at Gartmore, commented:

"We have been outsourcing back office work methodically since the mid nineties in support of our strategy to focus our management time on managing money and client service. The proposed arrangements are both another major step forward in implementing this strategy as well as a rationalisation of some of our existing arrangements."

"The proposed partnership will clearly benefit our clients as well as Gartmore since HSBC are committed to invest in both the technology and people needed to ensure that Gartmore's services remain world-class while providing a comprehensive and attractive proposal to meet Gartmore's cost and risk reduction requirements."

He continued: *"As important as anything in Gartmore's considerations was HSBC's commitment to invest in people and so provide enhanced opportunities for transferring employees."*

Lexicon Partners Limited acted as financial adviser to Gartmore in this transaction.

- ENDS -

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NOTES TO EDITORS

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Gartmore

Gartmore provides a range of investment management services to both retail and institutional clients. These services include equity and fixed income as well as a range of hedge funds, hedge fund of funds and private equity.

Gartmore is a part of the Gartmore Group, the international asset management business owned by Nationwide Mutual Insurance Company of Columbus, Ohio. Gartmore Group* has assets under management of £50.3billion (US\$90.1 billion) as at 31 December 2003, and its main offices are in London, Tokyo, Philadelphia, Frankfurt, Milan, Madrid, Stockholm and Jersey.

For further information on Gartmore please consult <http://www.gartmore.com>.

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HSBC

HSBC Securities Services is a division of HSBC Bank plc, which is a wholly subsidiary of HSBC Holdings plc. With over 9500 offices in 79 countries and territories, and assets of US\$983bn, as at 30 June 2003, the HSBC Group is one of the world's leading banking and financial services organisations.

Lexicon Partners

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