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Press Release

For immediate release

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F&C welcomes 'say on pay' move at HP

Following calls from investors, including F&C, Hewlett Packard (HP) has announced it will allow its shareholders to cast a non-binding vote on its executive pay policies and practices, beginning in 2011.

The investor group – which in addition to F&C includes US-based investors Walden Asset Management, and individual investor William Steiner – filed a proposal in September 2008 asking the board of HP to adopt a policy to allow shareholders to cast an advisory vote on annual executive pay. Last week an agreement was reached, with HP announcing it will submit a proposal to adopt such a policy at its 2010 annual meeting. If approved, as is widely expected, the company will introduce an advisory vote on pay in 2011. HP has also agreed to support mandatory legislation in the US that would make an advisory vote on pay practices a legal requirement for all US companies.

This outcome reflects the culmination of over three years of engagement by F&C urging the company to head the tide of global good governance practice and introduce an advisory vote on executive pay. Under its Responsible Engagement Overlay service, or **reo@**, F&C has been actively encouraging all US companies held in its portfolios, through letters and meetings, to adopt such a vote. HP's decision follows last year's move by mid-sized insurance company Aflac, that became the first US company to invite its owners to approve its compensation report. Since then, a number of other companies including Verizon Communications, Motorola and Blockbuster have also agreed to put their compensation practices to an advisory shareholder vote.

Elizabeth McGeeveran, Senior Vice-President, Governance & Sustainable Investment at F&C said: "We welcome HP's move to put its pay policies to an advisory shareholder vote. This opens a new chapter in US company-shareholder relations, by signalling how both sides can work together to align executive rewards with the interests of owners. Our experience of playing such a role in the UK, Europe and Australia has

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F&C Asset Management plc is the listed holding company of the F&C Group.

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demonstrated just how fruitful and constructive this collaboration can be. But we particularly want to commend HP for its leadership stance in calling for legislation that will make this a requirement for all US companies. Say-on-Pay will work best if competitiveness can be assured in the market for talent, which means all companies need to submit to a common standard of accountability to shareholders. The market will then decide how to attract and retain the best managers."

Timothy Smith, Senior Vice-President at Boston-based asset management firm Walden Asset Management said: "The issue of executive compensation is on the front pages as never before, creating a groundswell for accountability and reform. Congressional legislation mandating an Advisory Vote would provide a level playing field for all companies and give investors an important tool to address issues related to executive compensation. We expect a number of companies to follow Hewlett-Packard's lead in the next months."

William Steiner, an individual investor and one of the filers of the resolution with HP, commented: "As an individual investor who has been involved in advocacy for changes in corporate governance for over 25 years, I am pleased that Hewlett-Packard is the first company in 2009 to announce its support for the Advisory Vote and its backing for legislation. It sets an example for other companies to follow."

For more information or to request an interview with a member of F&C's Governance & Sustainable Investment team please contact the press office on +44 207 011 4600

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Notes to Editors

F&C Investments

- F&C Asset Management (F&C) is a London Stock Exchange listed asset management group which traces its origins back to 1868 with the launch of the Foreign & Colonial Investment Trust, the first ever publicly listed investment fund. Foreign & Colonial Investment Trust remains a client of F&C.

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- F&C is an active fund manager with a multi-specialist investment model where individual teams have strong accountability for their products and processes. The group is also an active shareholder with a leading franchise in governance and sustainable investment.
- F&C now manages £93.3 billion (€118.4 billion) of assets* for a diverse range of institutional, insurance and retail clients across all major asset classes – equities, bonds, cash and property – as well as alternative and specialist product classes such as Socially Responsible Investment funds, hedge funds, funds of hedge funds, private equity funds, Global Tactical Asset Allocation products and Liability Driven Investments. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has an office network spanning ten countries: China (Hong Kong), France (Paris), Germany (Frankfurt), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).

* As at 30 September 2008.

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