



F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone +44 (0)20 7628 8000
Facsimile +44 (0)20 7628 8188
www.fandc.com

Press Release

For immediate release
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Proposed de-merger of F&C Asset Management plc ("F&C") from Friends Provident plc

F&C Asset Management plc notes the publication today of a Circular by Friends Provident plc which sets out proposals to de-merge F&C from the Friends Provident group by means of a distribution of its stake in F&C to its own shareholders. If approved by Friends Provident shareholders on 12 June and subject to the approval of amendments to F&C's articles by its own shareholders, the de-merger is expected to be concluded on 3 July 2009.

The de-merger will trigger the strengthening of exclusivity provisions in the existing agreements F&C has with Friends Provident, as set out in F&C's Listing Particulars in 2004. For F&C this will mean that in an environment of considerable economic uncertainty, and following a change in ownership, the group will continue to benefit from revenues and cash flows from managing a substantial pool of assets for Friends Provident whilst preserving access to new asset flows and new products.

To support the de-merger process the management of F&C will be conducting an extensive road show to meet institutional investors during the month of June.

Alain Grisay, Chief Executive Officer of F&C Asset Management, commented:

"After a period of prolonged uncertainty over our ownership we look forward to welcoming new shareholders while continuing to benefit from an ongoing client relationship with Friends Provident. Following the de-

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

F&C Management Limited is a member of the F&C Group and a subsidiary of F&C Asset Management plc.

merger we will have a broader shareholder base and a much improved free float. This will reinforce our position as an independent manager of third-party assets and, we believe, provide the Board with greater flexibility.

“Since F&C was released from an Offer Period in March we have made good progress engaging with institutional investment consultants, many of whom have re-instated positive product ratings that had been on previously been hold. We now are firmly on the front foot, focused on building the business based on a business model which has demonstrated its resilience through some of the toughest markets on record. We are confident that having developed our business model through our three year plan we now have the capacity to take on significant new assets without further major investment. We have a robust financial position are well placed both for a recovery in the markets and to take advantage of any value creating non-organic growth opportunities that may emerge.”

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Press enquiries

Jason Hollands	Head of Corporate Affairs, F&C Asset Management	+44 (0) 20 7011 4600
David Allchurch / John Sunnucks	Tulchan Communications	+44 (0) 20 7353 4200

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.
- 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 £92.7 billion (€100.1 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, private equity funds and Liability Driven Investments. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C REIT Asset Management is the group's global property asset management business. It was formed in 2008 from the merger of F&C's property division and REIT Asset Management. F&C REIT operates from offices in London, Dublin, Istanbul, Munich, Mumbai and Stockholm.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has a global office network spanning twelve countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), Turkey (Istanbul), UK (London, Edinburgh, Dorking) and the United States (Boston).
- In March 2009 F&C signed a Memorandum of Agreement with Hua Xia Bank, one of China's twelve nationwide joint stock commercial banks, to establish a joint venture fund management company in China in which F&C will have a 19.5% interest.

* As at 31 March 2009.