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Dear Paul

Significant decisions that banks are currently making about bonus payments for 2009 performance

Thank you for your letter of 25 January 2010. As you know from our previous discussions on this topic, Invesco Perpetual's funds have only a very small investment in banks traded on the London Stock Exchange and so our influence will not be significant.

Having said that, shareholder engagement is a large and sometimes complex topic. From our point of view, financials will be an important metric, with the following important shareholder engagement priorities:

1. the fundamentals of the business are to our liking in the long term
2. there is a commitment to a fair return of profits to shareholders
3. remuneration policies are aligned with these priorities, and
4. we believe the board of directors and the management are competent.

Our generally unconstrained portfolios do not have to hold any particular sectors. Our overall priority is to try to achieve the best possible return for the investors in our funds.

In this context, individual fund managers will consider how they will vote on any resolution at a company's general meetings and, if they are persuaded that they do not agree with management, will vote against. Most of the time they will vote with management. We make sure that remuneration committees of all institutions, in which our funds invest, understand our views in respect of aligning remuneration policies with the interests of shareholders.

If you need any further detail, let me know.

Yours sincerely

Bob Yelbury
Chief Investment Officer

Invesco Perpetual is a business name of the following companies:
Invesco Fund Managers Ltd Reg No 898166
Invesco Asset Management Ltd Reg No 949417
Invesco Pensions Ltd Reg No 3507379
Authorised and regulated by the Financial Services Authority

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