

AMVESCAP PLC/LONDON/
Form 6-K
June 23, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16

Under the Securities Exchange Act of 1934

For the month of MARCH 2006

Commission File Number 001-13908

AMVESCAP PLC

(Translation of registrant's name into English)

30 Finsbury Square, London EC2A 1AG, ENGLAND

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

If ☐ Yes ☐ is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMVESCAP PLC
(Registrant)

Date: 23 June, 2006

By /s/ Michael S. Perman
(Signature)

Michael S. Perman
Company Secretary

A World of Opportunity

AMVESCAP At A Glance

AMVESCAP is a leading independent global investment manager, dedicated to helping people worldwide build their financial security. Operating under the AIM, INVESCO, AIM Trimark, INVESCO PERPETUAL and Atlantic Trust brands, AMVESCAP strives to deliver outstanding products and services through a comprehensive array of enduring investment solutions for our retail, institutional and private wealth management clients around the world.

AIM Investments is dedicated to building investment solutions for clients through one of the industry's most robust and comprehensive product lines. AIM Investments offers investment solutions through financial advisors, believing that investors can significantly benefit from the advice and guidance of a professional who can create investment plans based on an individual's preference, circumstance and type of account.

INVESCO has earned the trust of investors around the world. With more than \$170 billion in assets under management, and with fully integrated investment capabilities that span traditional and alternative asset classes, INVESCO is one of the world's leading names in investment management for institutions and individuals worldwide.

AIM Trimark is a premier provider of enduring solutions for investors and their advisors. AIM Trimark offers a diversified suite of relevant business and financial solutions designed to help advisors succeed. By adhering to proven investment disciplines that build and protect investors' wealth, and by putting investors' interests first, AIM Trimark has become one of Canada's largest and most successful investment management firms.

As one of the largest investment managers in the U.K., INVESCO PERPETUAL manages approximately \$32 billion in assets on behalf of consumers, intermediaries and professional investors through a broad product range. Through the use of powerful imagery and consistent messaging, INVESCO PERPETUAL has become one of the most admired and recognized brands in the U.K. investment industry, trusted to achieve superior, long-term results for investors through truly active investment management.

Atlantic Trust Private Wealth Management provides integrated wealth management and investment counseling services for high net worth individuals, families and foundations. Atlantic Trust takes into consideration a client's tax, trust, estate planning and philanthropic needs in developing customized asset allocation and investment management solutions. Atlantic Trust's experienced professionals deliver a broad range of offerings, including proprietary investment solutions and an open architecture platform of traditional and alternative managers.

All figures as of December 31, 2005

Front cover: The equity trading floor at INVESCO Institutional North America

Dear Fellow

Shareholder:

At the time of my first report to shareholders in the 1992 annual report, our company reported \$61 billion in assets under management and revenues of approximately \$200 million. I strongly believed at that time that our success in the investment management industry would come from developing a global business with a broad range of investment expertise and a diversified client base. Today, with revenues 10 times larger and assets at the end of 2005 of \$386 billion, my conviction in this strategy remains just as strong.

This vision allowed us to participate fully in the explosive growth of our industry during the past decade and supported our progress during challenging times of difficult markets and dramatic world events. It remains validated by the trends we see evolving in the global investment management industry today and the competitive strengths that will propel AMVESCAP's success in the coming years.

One of our core strengths is the depth and breadth of investment talent we have around the world. These experienced teams in diverse local settings support one of the industry's most extensive sets of investment products. This diversified set of investment capabilities across asset classes and investment styles provides a full range of enduring solutions for our retail, institutional and -private wealth management clients. Our comprehensive global -footprint and established distribution channels enable us to deliver these solutions for clients wherever they reside.

The demographic trends of an aging global population, evolving -pension and retirement systems, and increasing wealth creation and savings will continue to support the growth of the investment management industry. The opportunities for a global asset manager have never been more evident, and AMVESCAP is extremely well positioned to seize these opportunities for our future and create value for both our clients and shareholders.

During 2005, important work was accomplished across the company to help AMVESCAP reach its tremendous potential as a premier global investment management firm. At the beginning of the year, we completed final steps for a broad restructuring of the company's long-term debt with a new five-year bank credit facility. This action, along with two debt restructuring transactions completed in late 2004 to take advantage of historically low interest rates, successfully improved the liability risk profile of the company without increasing overall debt levels. In reducing liquidity risk by spreading out debt maturities, lowering our interest rates and continuing to preserve the flexibility of our bank credit facilities, we have put in place a solid financial foundation to support future growth.

As a result of a broad strategic review of our businesses, we announced in April the sale of our U.S. defined contribution recordkeeping business, AMVESCAP Retirement, Inc. (ARI). The sale of ARI to a trusted business partner enables us to sharpen our focus and energy on those areas where we excel - investment management, product development and client service. By leveraging our expertise in these areas to serve plan sponsors, we are able to continue our participation in the growth of the important defined contribution market.

The most important decision for AMVESCAP's future was the naming of Martin L. Flanagan as president and chief executive officer (CEO). Marty's broad experience in the investment management industry, extensive international knowledge and proven leadership skills made him the clear choice to guide our company forward. Marty and his team have put in place a comprehensive 2006 operating plan designed to build on our renewed business momentum by taking advantage of the inherent global strengths of our diversified businesses. As you read the question and answer session with Marty that follows in this review, I believe you will agree that your Board has chosen a very dynamic and capable new leader.

AMVESCAP's Board of Directors has recommended a final dividend of 5.5p, resulting in a total dividend of 9.5p for 2005 - an increase over the 7.5p dividend paid in 2004. In addition to our new CEO, the Board also welcomed as new members during 2005 J. Thomas Presby, a former deputy chairman and chief operating -officer at Deloitte Touche Tohmatsu with extensive international experience in the financial services industry, and AMVESCAP Executive Vice President John Rogers. During the year, we saw the retirement of Board members Stephen West and Michael Benson, who served our company with dedication and distinction.

With AMVESCAP's new management team providing strong leadership that is building a solid foundation for our success, I have decided that the conclusion of the upcoming Annual General Meeting is the appropriate time for me to step down from AMVESCAP's Board. I will be succeeded as Chairman by Rex Adams, who has been a non-executive director of the company since 2001. AMVESCAP is very fortunate to have an individual with Rex Adams' global business experience and expertise to lead our Board forward.

I am deeply grateful for the opportunity to have served our company, and for the support of the many people with whom I have had the privilege to work. My colleagues through the years on AMVESCAP's Board of Directors have provided sound counsel and exceptional -guidance for our company. AMVESCAP's dedicated employees -demonstrate each day their commitment to accomplish our core -mission of helping people worldwide build their financial security. This is a noble endeavor that provides real benefits for our clients and is justifiably a source of pride for our people.

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

With this strong team serving our company and its shareholders, I am confident we are well-positioned to explore the vast world of opportunity before us and look to AMVESCAP's future success with tremendous optimism.

Charles W. Brady

Chairman

Q & A

With CEO Marty Flanagan

Exploring Our World of Opportunity

Martin L. Flanagan joined AMVESCAP in August 2005 as President and CEO, and serves as a member of the Board of Directors and the Executive Management Committee. He came to AMVESCAP from Franklin Resources, Inc., where he served for 22 years, most recently as president and co-CEO. He began his investment management career at Templeton in 1983.

WHAT ATTRACTED YOU TO AMVESCAP?

I firmly believe in the role and opportunity of global investment -management organizations. I was very excited to join AMVESCAP, and made my decision with great confidence in the future of the industry and the organization. I was attracted by AMVESCAP's many strengths - its global reach and purpose, its talented people - and by the challenges of running a global investment management firm. I was also excited to be part of carrying forward the vision of a global investment management firm that Charlie Brady, Bob Graham and others have built in a company that can trace its heritage to the 1890s as one of England's first investment management organizations.

WHAT WAS YOUR FIRST PRIORITY IN YOUR NEW ROLE?

My first priority was to create positive momentum and help the -organization believe in its ability again. To do this I had to start by learning about the company's strengths, weaknesses and opportunities. During my first weeks at AMVESCAP I visited with shareholders, employees and clients to get their views about our company. I spent much of my time initially working to get a better understanding of the company in a very comprehensive way as a starting point for driving the business forward.

HOW WOULD YOU CHARACTERIZE A WINNING CORPORATE CULTURE?

To begin with, a winning corporate culture puts clients first. In support of this, we need to continue building a meritocracy where our best and brightest are matched against our greatest opportunities and superior performance is rewarded. We are also working to strengthen transparency, execution and accountability across the organization. These attributes are fundamental to creating a company that -consistently exceeds client expectations.

HOW DO YOU FEEL ABOUT THE OUTLOOK FOR -THE INVESTMENT MANAGEMENT INDUSTRY?

I believe the outlook for our industry is extremely promising. Demo-graphic and economic trends worldwide provide a phenomenal catalyst for financial services firms. Population growth worldwide has expanded threefold over the past 50 years. Wealth is being created globally. There is a growing need for investment expertise to help people meet their savings and retirement goals, and retirement markets around the world are evolving toward a greater reliance on private and individual self-funding. These trends play to AMVESCAP's strengths as investors increasingly seek trusted advice and compelling investment solutions.

As I have said in recent town hall meetings with employees, there is literally a world of opportunity before us. Our challenge is to be thoughtful in selecting the right opportunities and executing well against those that can make the greatest contribution to our clients' success and that of our company and our shareholders.

HOW IS AMVESCAP POSITIONED TO SUCCEED IN THIS INCREASINGLY COMPETITIVE INDUSTRY?

Few organizations can match AMVESCAP's global reach, broad diversification and full range of investment capabilities. With this unique foundation, we are very well-positioned to take advantage of the growing demand for investment management services across the globe.

With offices in 19 countries, we have a significant presence in established markets and a growing presence in developing markets around the world. This is one of our core strengths and one that really sets us apart from many of our competitors.

Another great advantage we have is tremendous diversification across asset classes, global client representation and delivery channels. Nearly half of our total assets under management are outside traditional equities. We are fortunate to serve clients across the globe, with almost a third of our clients located outside the United States. Our -distribution channels are nearly equally split between retail and -institutional clients, and we have a strong and growing position in the U.S. private wealth management business. We also offer a -com-prehensive range of investment capabilities.

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

Our extensive global presence, high level of diversification and full range of investment capabilities enable us to quickly and effectively meet the diverse needs of our clients, wherever they reside around the world.

WHAT STEPS HAVE YOU TAKEN TO PREPARE AMVESCAP FOR THE CHALLENGES AHEAD?

Late last year we engaged a broad cross-section of leadership to determine our future path to success, beginning in 2006. We brought together business leaders from across the organization to participate in a comprehensive effort to fully understand where we excel and where we need to improve. Our focus: to identify the most promising opportunities for unlocking the tremendous potential of our global organization.

As a result of this effort, this broad group of leaders now has a much deeper understanding of our business. With this solid foundation, we are now in a much better position to realize the opportunities for our business and address our challenges going forward.

WHAT DID THIS EFFORT REVEAL ABOUT YOUR BUSINESS?

Historically, AMVESCAP has operated as a collection of independent investment management units around the world. This design reflected the environment in which AMVESCAP operated at the time. While these business units were independently strong, they were collectively underutilized. Our markets have evolved and we need to evolve with them.

The process of better understanding our business also made it clear that our operating model is too complex, which keeps us from benefiting from our global strengths. Additionally, investment performance, which is central to everything we do, was strong in some areas but below expectations in others.

The comprehensive effort we undertook to more fully understand our business revealed a number of opportunities for unlocking the tremendous potential of our global organization and reaffirmed our strategic direction.

WHAT IS YOUR STRATEGY FOR SUCCESS?

We start by delivering consistent, good investment performance over the long term for our clients. This requires having well-defined, repeatable investment processes that are well-communicated and understood by our clients. These truly enduring investment solutions are the foundation of long-term success. Achieving consistent investment results that meet our clients' expectations will continue to be one of our primary areas of focus going forward.

We will also work to unlock the power of our global operating platform, acting more cohesively as a single investment management firm focused on the needs of our clients. This will enable us to do a better job of bringing the best of AMVESCAP to our clients around the world.

We are taking steps to simplify our operating model. The idea is to execute globally where it helps us operate more efficiently, while responding to our clients' needs wherever they reside. Simplifying our operating model isn't just a cost-cutting exercise. It will make us more efficient so we can better serve our clients, respond more quickly to opportunities and take greater advantage of our size and scale.

Finally, and most importantly, the success of our clients and our organization is dependent upon the quality of our people. We are committed to building an organization dedicated to attracting, retaining and motivating quality individuals whose focus is on driving a culture of continuous improvement and performance excellence in everything we do.

If we do this, we will be successful. We understand what we must do to deliver on our incredible potential. Our focus going forward will be on executing diligently against our plan to realize that potential.

HOW DOES YOUR RECENT ACQUISITION OF POWERSHARES FIT INTO THIS STRATEGY?

Early in 2006 we announced the acquisition of PowerShares Capital Management, a leading provider of exchange-traded funds (ETFs). The 36 ETFs offered by PowerShares greatly complement our fund lineup and will expand the breadth of products we can offer our clients through AIM Investments.

When the acquisition is finalized, the combination of PowerShares ETFs with our broad range of actively managed investment products will provide our clients with one of the industry's most robust and comprehensive product line-ups. Just as importantly, this acquisition forcefully demonstrates to the marketplace that AMVESCAP is acting with renewed momentum to grow its business and strengthen its competitive position.

WHERE DO YOU SEE THE ORGANIZATION HEADED IN 2006?

Our vision is clear. If we successfully execute against the tremendous world of opportunity before us, I believe we can become a premier global investment management organization. Everything we do, every decision we make, is designed to move us closer to this vision.

With the deeper understanding of our business that comes from the planning process we completed in 2005, we will now work to unlock the tremendous power of our global organization to provide meaningful solutions for our clients and add real value for our shareholders.

AMVESCAP Community Service

INVESCO U.K.

Employees in the London, Henley and Dublin offices raised over \$218,000 in 2005 for -charitable causes. This included special donations for disaster relief appeals, regular dress down days, participation in the BBC Children In Need and Comic Relief's Red Nose Day events and a sponsored Paris-to-London bicycle ride by members of the Henley investment team, who all shaved their heads to raise extra money.

AIM INVESTMENTS

The devastation from hurricanes Katrina and Rita brought out the best from AIM and its employees, who volunteered thousands of hours for Houston communities. In addition to financial contributions, employees worked hard to provide food, clothing and shelter for -evacuees, including those in the Astrodome. AIM's partnerships with the Houston Food Bank, Habitat for Humanity and United Way continue to provide far-reaching, long-term support.

INVESCO ASIA PACIFIC

In 2005, employees in the Asia Pacific region showed fervent support for the tsunami relief efforts by raising over \$86,000 for the recovery campaign. Colleagues in Hong Kong also donated and played a part in the Soccer Charity Cup and Dress Casual Day events, with all donations going to the Hong Kong Community Chest, an independent charitable -organization helping over one million local community members in need.

INVESCO U.S.

INVESCO Institutional's Community Service Committee volunteers raised over \$27,000 for Starlight Children's Foundation, Shepherd Center, Urban Ministries, Toys for Tots, American Red Cross and many other organizations. In addition to these accomplishments, INVESCO employees had an opportunity to impact the students at an assigned school by improving student achievement and attendance through participation in the Atlanta Partners for Education Signature Program.

AIM TRIMARK

Drawing on the commitment and energy of its employees, AIM Trimark participated in -charitable activities to support Big Brothers Big Sisters of Canada. These included Bowl for Kids' Sake events in Toronto and Vancouver and the company's summer Play Day. Financial advisors who sell AIM Trimark's investment solutions also donated funds during AIM Trimark's PD Network Live road show. Other charitable initiatives included Habitat for Humanity, Dress Your Best, United Way and the Christmas Family Assistance Program.

Financial Highlights

	Results for the		Results before the Adjustments ^(a) for the	
	Year Ended December 31,		Year Ended December 31,	
	2005	2004 ^(b)	2005	2004 ^(b)
Net revenues	\$ 2,173.2m	\$ 2,124.5m	\$ 2,173.2m	\$ 2,124.5m
Operating expenses	\$ 1,748.6m	\$ 2,037.2m	\$ 1,672.9m	\$ 1,624.0m
Operating profit	\$ 424.6m	\$ 87.3m	\$ 500.3m	\$ 500.5m
Net operating margin ^(c)	19.5%	4.1%	23.0%	23.6%
Profit before tax	\$ 360.1m	\$ 39.0m	\$ 435.8m	\$ 452.2m
Earnings per share:				
basic	\$ 0.27	\$ (0.05)	\$ 0.34	\$ 0.35
diluted	\$ 0.26	\$ (0.05)	\$ 0.34	\$ 0.35

(a) Results before the Adjustments are results before the 2005 restructuring charge and the 2004 U.S. regulatory settlement.

(b) 2004 results have been restated to reflect the transition from U.K. Generally Accepted Accounting Practice (U.K. GAAP) to International Financial Reporting Standards (IFRS) and have been translated into U.S. dollars, the presentation currency of AMVESCAP.

(c) Net operating margin is equal to Operating profit divided by Net revenues.

Financial Contents

10	<u>Business and Financial Overview</u>
20	<u>Consolidated Income Statement</u>
21	<u>Consolidated Balance Sheet</u>
22	<u>Summary Cash Flow Statement</u>
23	<u>Independent Auditors' Report to the Members of AMVESCAP PLC</u>
24	<u>Information for U.S. Shareholders</u>
25	<u>Summary Directors' Report</u>
26	<u>Summary Remuneration Report</u>
28	<u>Board of Directors</u>
30	<u>Executive Management Committee</u>
31	<u>AMVESCAP Global Partners</u>
34	<u>Company Directory</u>

IBC General Shareholders' Information

In this annual review, we use the terms AMVESCAP, company, we, us and our to refer to AMVESCAP PLC together with its consolidated subsidiaries when the distinction between the publicly-traded parent company and its subsidiaries is not important to the discussion. When this distinction is important to the discussion, we use the term Parent or AMVESCAP PLC to refer to AMVESCAP PLC, the publicly-traded parent company, standing alone. The term ordinary shares means ordinary shares of AMVESCAP PLC.

Business and Financial Overview

On December 8, 2005, the company changed its presentation -currency from sterling to U.S. dollars. The comparative figures have been presented in U.S. dollars applying the average foreign exchange rates for the period for the income statement and the ending foreign exchange rates for the period for the balance sheet. Additionally, AMVESCAP PLC (Parent) redenominated its share capital from sterling to U.S. dollars. U.S. dollars more accurately reflect the currency of the underlying -operations and financing of the Parent.

The key drivers of success for AMVESCAP are long-term investment performance and client service, delivered across a diverse spectrum of products, distribution channels and geographic areas. By achieving success in these areas, we seek to generate positive net flows and increased assets under management. We measure relative investment performance by comparing our products to competing products and industry benchmarks. Generally, distributors, investment advisors and consultants heavily weigh longer-term performance (e.g. three-year and five-year performance), in selecting the products they recommend to their customers, although one-year performance may be an important consideration. External ratings can also have an influence over client investment decisions. Quality of client service is monitored in a variety of ways, including periodic client satisfaction surveys, analysis of response times and redemption rates, competitive benchmarking of services, and obtaining feedback from investment consultants.

Assets Under Management

Assets under management (AUM) at the end of 2005 were \$386.3 billion (2004: \$382.1 billion). Average AUM for 2005 were \$377.6 billion, compared to \$371.3 billion in 2004. Net outflows for the year ended December 31, 2005, were \$16.2 billion, with inflows of \$66.3 billion and outflows of \$82.5 billion. Approximately \$9.2 billion of outflows during the year were from one portion of our institutional business in the U.S. In addition, one sub-advised client in our U.S. Retail business terminated in the fourth quarter of 2005, accounting for \$1.4 billion in net outflows. We have seen some degree of net flow improvement over the last half of 2005, as our investment performance has generally strengthened during this same period. Our High Net Worth (HNW) business continued to show a pattern of modest but steady sales growth. Changes in AUM are as follows:

<i>\$ billions</i>	2005	2004	% Change
January 1,	\$ 382.1	\$ 370.6	
Inflows	66.3	67.0	(1.0)%
Outflows	(82.5)	(86.5)	4.6%
Net flows	(16.2)	(19.5)	16.9%
Market gains/ reinvestment	24.4	26.0	(6.2)%
Change in money market funds and other	0.5	(8.3)	N/A
Acquisitions/disposals		6.1	(100.0)%
Foreign currency*	(4.5)	7.2	N/A
December 31,	\$ 386.3	\$ 382.1	1.1%
Average long-term AUM	\$ 335.8	\$ 326.2	2.9%
Average money market AUM	41.8	45.1	(7.3)%
Average AUM	\$ 377.6	\$ 371.3	1.7%

* The foreign currency movement arises from different exchange rates being in effect as of the relevant measurement dates for assets denominated in currencies other than U.S. dollars.

Our revenues are directly influenced by the level and composition of the firm's AUM. Therefore, movements in global capital market levels, net new business inflows (or net outflows) and changes in the mix of investment products between asset classes may materially impact the revenues for the firm within a quarter. Global capital markets improved over 2004. The FTSE 100 increased by 19.1%, the S&P 500 by 6.2%, NASDAQ by 6.4% and the Dow Jones Industrial Average by 1.8% from December 31, 2004 to December 31, 2005. Our AUM by channel, by division, and by asset class are as follows:

AUM by Channel

<i>\$ billions</i>	Total	Retail	Institutional	High Net Worth
January 1, 2004	\$ 370.6	\$ 176.6	\$ 184.9	\$ 9.1
Inflows	67.0	40.1	22.6	4.3
Outflows	(86.5)	(53.3)	(28.6)	(4.6)
Net flows	(19.5)	(13.2)	(6.0)	(0.3)
Market gains/reinvestment	26.0	16.0	9.7	0.3
Change in money market funds and other	(8.3)	1.3	(9.6)	
Acquisitions/disposals	6.1			6.1
Foreign currency*	7.2	5.3	1.9	
December 31, 2004	\$ 382.1	\$ 186.0	\$ 180.9	\$ 15.2
Inflows	66.3	41.2	21.3	3.8
Outflows	(82.5)	(53.3)	(25.8)	(3.4)
Net flows	(16.2)	(12.1)	(4.5)	0.4
Market gains/reinvestment	24.4	16.0	7.9	0.5
Change in money market funds and other	0.5	1.9	(1.6)	0.2
Foreign currency*	(4.5)	(1.6)	(2.9)	
December 31, 2005	\$ 386.3	\$ 190.2	\$ 179.8	\$ 16.3

AUM by Division

<i>\$ billions</i>	Total	AIM		INVESCO			PWM
		U.S.	Canada	U.S.	U.K.	Europe/Asia	
January 1, 2004	\$ 370.6	\$ 151.1	\$ 28.7	\$ 118.5	\$ 39.0	\$ 23.8	\$ 9.5
Inflows	67.0	16.3	5.3	19.6	11.3	10.2	4.3
Outflows	(86.5)	(28.7)	(4.6)	(25.7)	(9.8)	(13.2)	(4.5)
Net flows	(19.5)	(12.4)	0.7	(6.1)	1.5	(3.0)	(0.2)
Market gains/reinvestment	26.0	7.3	2.7	8.1	5.6	2.0	0.3
Change in money market funds and other	(8.3)	(8.4)		0.2	0.6	(0.2)	(0.5)
Acquisitions/disposals	6.1						6.1
Foreign currency*	7.2		2.5	0.3	2.9	1.5	
December 31, 2004	\$ 382.1	\$ 137.6	\$ 34.6	\$ 121.0	\$ 49.6	\$ 24.1	\$ 15.2
Inflows	66.3	12.6	5.9	16.7	19.0	8.3	3.8
Outflows	(82.5)	(28.0)	(5.7)	(24.0)	(11.9)	(9.5)	(3.4)
Net flows	(16.2)	(15.4)	0.2	(7.3)	7.1	(1.2)	0.4
Market gains/reinvestment	24.4	5.1	2.2	4.4	8.8	3.4	0.5
Change in money market funds and other	0.5	0.7				(0.2)	
Foreign currency*	(4.5)		2.1	(0.4)	(4.2)	(2.0)	

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

December 31, 2005	\$ 386.3	\$ 128.0	\$ 39.1	\$ 117.7	\$ 61.3	\$ 24.1	\$ 16.1
-------------------	----------	----------	---------	----------	---------	---------	---------

* *The foreign currency movement arises from different exchange rates being in effect as of the relevant measurement dates for assets denominated in currencies other than U.S. dollars.*

AUM by Asset Class

<i>\$ billions</i>	Total	Equity	Fixed Income	Balanced	Money Market	Stable Value	Alternatives
January 1, 2005	\$ 382.1	\$ 178.5	\$ 44.8	\$ 44.1	\$ 50.0	\$ 43.2	\$ 21.5
Inflows	66.3	30.0	14.5	7.8	3.3	4.2	6.5
Outflows	(82.5)	(45.6)	(10.4)	(12.5)	(3.5)	(3.0)	(7.5)
Net flows	(16.2)	(15.6)	4.1	(4.7)	(0.2)	1.2	(1.0)
Market gains/reinvestment	24.4	17.9	1.2	1.7		2.4	1.2
Change in money market funds	0.5				0.5		
Foreign currency*	(4.5)	(3.3)	(0.8)	0.1			(0.5)
December 31, 2005	\$ 386.3	\$ 177.5	\$ 49.3	\$ 41.2	\$ 50.3	\$ 46.8	\$ 21.2

* The foreign currency movement arises from different exchange rates being in effect as of the relevant measurement dates for assets denominated in currencies other than U.S. dollars.

Investment Performance

Retail ⁽¹⁾	% of AUM in Top Half of Peer Group as of December 31, 2005		
	One-Year	Three-Year	Five-Year
U.S.	62%	34%	22%
Canada	14%	28%	90%
U.K.	72%	87%	83%
Continental Europe and Asia	66%	83%	60%

Institutional ⁽²⁾	% of AUM in Top Half of Peer Group as of December 31, 2005		
Equity	53%	53%	97%
Fixed Income	94%	93%	92%
Money Market	93%	93%	93%

Stable Value Largest U.S. Stable Value manager with over \$45 billion in assets under management. Outperformed cash benchmarks over all relevant periods.

Real Estate 100% of U.S. REIT and Direct Real Estate assets have outperformed their respective benchmarks over one-, three- and five-year periods.

Financial Structures Named 2005 CDO Manager of the Year by Euromoney

(1) Retail performance is based on Peer Rankings and AUM as of December 31, 2005. Sources include: Morningstar, Lipper and S&P Micropal.

(2) Institutional includes representative products managed in Atlanta, New York, Frankfurt, Louisville and London. Performance is as of December 31, 2005. All underlying products have been compiled by following AIMR and GIPS standards.

In our U.S. Retail business, we have seen an improving one-year track record, with 62% of AUM in the top half of peers. The longer-term track record remains below our expectations, and therefore the U.S. Retail business continues to be an area of focus for our management team. Within U.S. Retail, our international funds had 85% of AUM in the top half of peers on a one-year basis, and the asset allocation solutions have also performed well. We have seen inflows in these, among other, products. During 2005, we evaluated, rationalized and merged several funds in the U.S. Retail product line to ensure that we are delivering the best possible investment solutions to our clients.

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

We have experienced a decline in investment performance in our Canadian Retail business due to certain of its portfolios being underweighted in the energy sector, a market segment that has experienced a recent and dramatic increase in valuation. 90% of the Canadian Retail AUM remains in the top half of peers on a five-year basis. The U.K. Retail business has produced particularly strong results across all measured time frames. The offshore product range, marketed in Continental Europe and Asia, is an important component of our diversified profile with more than 66% of its asset base performing in the top half of peer groups on a one-year basis.

In our institutional business, over 90% of our fixed income and money market assets beat their benchmarks over the one-, three- and five-year periods. Equity performance has been mixed, but a majority of AUM are performing ahead of benchmark on a five-year basis. We are the largest stable value manager, with over \$45 billion in AUM. Our real estate business is outperforming benchmarks over all relevant periods, and our financial structures group was named 2005 CDO Manager of the Year by Euromoney.

International Financial Reporting Standards (IFRS)

Effective January 1, 2005, the company began recording its results of operations under IFRS. The date of the transition to IFRS is January 1, 2004, this being the start of the earliest period of comparative information required in the U.K., and accordingly the comparative period has been restated to apply IFRS on a consistent basis. Prior to this date, the company prepared its consolidated financial statements under U.K. Generally Accepted Accounting Practice (U.K. GAAP).

During 2004, the company carried out a review of IFRS to identify the changes to accounting policies that were necessary to comply with the new standards. The most significant changes affecting the company due to the IFRS transition are:

The cessation of goodwill amortization (IFRS 3) and redenomination of goodwill into the currency of the underlying acquired entities (IAS 21);

The inclusion of a fair value charge in respect of outstanding employee share options granted after November 7, 2002 (IFRS 2);

The replacement of existing charges for awards under certain equity-based compensation plans with fair value charges spread over revised time periods (IFRS 2);

The inclusion in the balance sheet of all employee benefit liabilities (IAS 19); and

The reclassification of certain income statement and balance sheet items for disclosure purposes, including the presentation of third-party distribution fees, service and advisory fees in the income statement separately from total revenues.

The underlying business transactions and cash flows of the company did not change upon the transition to IFRS. The transition to IFRS resulted in the reduction of total shareholders' funds from the U.K. GAAP figure at January 1, 2004 of \$208.1 million. This reduction is due primarily to the redenomination of goodwill and management -contract intangible assets into the currency of the underlying acquired entities. Under U.K. GAAP, these balances were recorded in sterling. For the year ended December 31, 2004, the transition to IFRS resulted in the addition of \$276.4 million to profit for the year, primarily due to the cessation of goodwill amortization previously recorded under U.K. GAAP. Diluted earnings per share for the year ended December 31, 2004, was a loss of \$0.05 under IFRS, compared with a loss of \$0.39 under U.K. GAAP.

Operating Results

2005 saw a 2.3% increase in net revenues (total revenues less third-party distribution, service and advisory fees) to \$2,173.2 million (2004: \$2,124.5 million). The main categories of revenues are as follows:

<i>\$ millions</i>	2005	2004
Management	2,213.7	2,052.7
Service and distribution	538.2	593.3
Other	127.3	111.5
Total revenues	2,879.2	2,757.5
Third-party distribution, service and advisory fees	(706.0)	(633.0)
Net revenues	2,173.2	2,124.5

Management revenues increased 7.8% from 2004. INVESCO U.K. management revenues increased \$139 million, AIM Canada management revenues increased \$60 million and the management revenues for Private Wealth Management increased \$12 million over 2004. These increases were offset by lower management revenues in AIM U.S. Service and distribution fees declined \$55.1 million (9.3)% from 2004. The sale of the AMVESCAP Retirement business accounted for \$30 million of this decline, as this business was included for the full 12 months in 2004 but only six and a half months in 2005. The remainder of the difference is a result of lower distribution and transfer agency fees in our U.S. Retail

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

channel. Other revenues increased 14.2% over 2004, primarily due to the increase in transaction fees in our real estate group. Third-party distribution, service and advisory fees increased by \$73.0 million, due to an increase in trail and renewal commissions.

During the fourth quarter of 2005, the company undertook an operating review and identified the steps required to move towards a more -integrated global investment manager. We are in the process of integrating the enterprise support functions, such as Human Resources, Finance, Legal and Compliance, and we are combining AIM and INVESCO's managed account platforms. We also merged certain -client service functions across our retail business. As a result of this work, we took a restructuring charge of \$75.7 million in 2005 and implemented measures that reduced headcount by 285. Included in this charge are

costs incurred to eliminate some office space and streamline our product line. Based on the actions we have taken and those that we will take in 2006, we should be able to significantly decrease our total operating expenses and operate more efficiently. If the business environment experienced in 2005 does not change materially in 2006, we expect to decrease our operating expenses by approximately \$120 million and reach an operating expense base of approximately \$1,550 million in 2006, excluding the impact of the PowerShares acquisition and any unanticipated new initiatives. We expect 50% of the expense reduction to be realized in Compensation costs, with the remainder of the savings from decreases in Property and Office, Technology/-telecommunications, and General and Administrative costs.

Total operating expenses before the restructuring charge increased 3% in 2005. Compensation expenses increased \$77.9 million from 2004, with \$34.3 million in incremental amortization of share-related compensation programs, \$11.8 million related to one-time recruiting costs, and the remainder due to staff salaries, bonus and benefit costs. Marketing costs increased 8.1% from 2004, largely due to increased advertising in the U.K. and U.S. Property and Office costs decreased \$39.0 million for the year, primarily as a result of the \$37.0 million -provision we took in 2004 for unused office space. Technology/-telecommunications costs decreased 6.5% from 2004, driven by the sale of the AMVESCAP Retirement business and generally lower headcount. General and Administrative costs increased 4.4% from 2004, primarily due to a \$16.6 million goodwill impairment charge in the Private Wealth Management business.

Compensation continues to be the largest component of operating expenses, accounting for 62.5% of costs for 2005 (2004: 59.5%). Competitive compensation is critical for the success of AMVESCAP in attracting and retaining the highest caliber employees. The main categories of operating costs before the 2005 restructuring charge and the 2004 U.S. regulatory settlement, (the Adjustments), are as follows:

<i>\$ millions</i>	2005	% of total	2004	% of total
Compensation	1,044.7	62.5%	966.8	59.5%
Marketing	139.5	8.3%	129.1	8.0%
Property and office	130.3	7.8%	169.3	10.4%
Technology/ telecommunications	139.0	8.3%	148.7	9.2%
General and administrative	219.4	13.1%	210.1	12.9%
	1,672.9	100.0%	1,624.0	100.0%

Our effective tax rate for 2005 was 40.7% (37.7% before the -restructuring charge) and was impacted by the lack of tax deductibility for certain expense items, including an \$11.3 million expense associated with a capital infusion into our Taiwan bond funds.

The increase in revenues from 2004 to 2005 was offset by increased expenses, resulting in operating profit before Adjustments for 2005 remaining flat as compared to 2004. Diluted EPS before the restructuring charge was down by one cent.

In January 2006, we announced the acquisition of PowerShares Capital Management, which is expected to close in the second or third quarter of 2006. The 36 exchange-traded funds (ETFs) offered by PowerShares greatly complement our fund lineup and will expand the breadth of products we can offer our clients through AIM Investments.

The divisional income statements presented below are based on a set percentage -allocation of revenues, depending on whether the product is sold, managed, or serviced by the division. Divisions selling, managing or servicing a product received 40%, 40%, and 20% of the revenues for that product, respectively. This measurement of profitability represents the way in which the businesses historically operated prior to the beginning of 2006.

The following tables summarize revenues and profits by operating group before the Adjustments for the periods indicated.

<i>\$ millions</i>	Year Ended December 31, 2005		
	Net Revenues	Expenses	Operating Profit
AIM			
U.S.	\$ 742.0	\$ (493.5)	\$ 248.5
Canada	373.5	(163.2)	210.3
	1,115.5	(656.7)	458.8

Edgar Filing: AMVESCAP PLC/LONDON/ - Form 6-K

INVESCO			
U.S.	392.5	(290.4)	102.1
U.K.	422.7	(325.4)	97.3
Europe/Asia	126.4	(139.4)	(13.0)
	941.6	(755.2)	186.4
Private Wealth/ Retirement*	116.1	(149.5)	(33.4)
Corporate		(111.5)	(111.5)
Totals before restructuring charge	2,173.2	(1,672.9)	500.3
Restructuring charge		(75.7)	(75.7)
	\$ 2,173.2	\$ (1,748.6)	\$ 424.6

Portions of the Retirement division were sold during 2005.

\$ millions	Year Ended December 31, 2004		
	Net Revenues	Expenses	Operating Profit
AIM			
U.S.	\$ 812.0	\$ (531.7)	\$ 280.3
Canada	319.9	(145.6)	174.3
	1,131.9	(677.3)	454.6
INVESCO			
U.S.	351.8	(258.9)	92.9
U.K.	345.1	(323.5)	21.6
Europe/Asia	142.7	(136.3)	6.4
	839.6	(718.7)	120.9
Private Wealth/ Retirement	153.0	(164.7)	(11.7)
Corporate		(63.3)	(63.3)
Totals before U.S. regulatory settlement	2,124.5	(1,624.0)	500.5
U.S. regulatory settlement		(413.2)	(413.2)
	\$ 2,124.5	\$ (2,037.2)	\$ 87.3

AIM U.S.

The AIM U.S. business reported net revenues of \$742.0 million during 2005, compared with \$812.0 million during 2004. The decline is due to an 8.4% decrease in average asset levels during 2005 and agreed-upon fee reductions as part of the U.S. regulatory settlement. Operating expenses declined by \$38.2 million to \$493.5 million in 2005. Operating profits were \$248.5 million compared with \$280.3 million in 2004. Operating profit margin for 2005 amounted to 33.5%, compared with 34.5% in the prior year. The group generated approximately \$12.6 billion of inflows and had net outflows of \$15.4 billion in 2005. Market gains of \$5.1 billion partially offset these net outflows. AUM amounted to \$128.0 billion at December 31, 2005, including \$47.4 billion of institutional money market funds.

AIM CANADA

The AIM Trimark business reported net revenues of \$373.5 million during 2005, compared with \$319.9 million for the prior year. Operating profits were \$210.3 million in 2005 compared with \$174.3 million in 2004, and the operating profit margin was 56.3% in 2005. The group generated approximately \$5.9 billion of inflows in 2005 and net inflows of \$0.2 billion. Market gains were \$2.2 billion for the year. As a result, average AUM increased 17.2% from 2004. AUM amounted to \$39.1 billion at December 31, 2005.

INVESCO U.S.

The INVESCO U.S. business reported net revenues and operating profits of \$392.5 million and \$102.1 million in 2005, compared with \$351.8 million and \$92.9 million for 2004, respectively. Increased expenses, primarily due to higher compensation costs, offset a portion of the revenue increase. Operating profit margins decreased from 26.4% in 2004 to 26.0% in the current year. Average AUM for 2005 was \$117.8 billion compared to \$118.5 billion in 2004. The unit generated \$16.7 billion in inflows during 2005, and recorded net outflows of \$7.3 billion. AUM amounted to \$117.7 billion at December 31, 2005.

INVESCO U.K.

INVESCO U.K. s net revenues amounted to \$422.7 million for 2005, compared with \$345.1 million in 2004. Operating profits totaled \$97.3 million for the current year compared to \$21.6 million for the prior year. Operating expenses amounted to \$325.4 million in 2005, compared with \$323.5 million in 2004. The operating profit margin was 23.0% in 2005 (2004: 6.3%). Inflows for 2005 totaled approximately \$19.0 billion, market gains totaled \$8.8 billion, and net inflows were \$7.1 billion for the year. AUM amounted to \$61.3 billion at December 31, 2005.

INVESCO EUROPE/ASIA

INVESCO Europe/Asia's net revenues amounted to \$126.4 million for 2005, compared with \$142.7 million in 2004. Operating losses totaled \$13.0 million for the year ended December 31, 2005, versus an operating profit of \$6.4 million for the prior year. Inflows for 2005 totaled \$8.3 billion, market gains totaled \$3.4 billion, and net outflows were \$1.2 billion for the year. AUM amounted to \$24.1 billion at December 31, 2005.

PRIVATE WEALTH MANAGEMENT/RETIREMENT

Net revenues for these businesses totaled \$116.1 million in 2005, compared with \$153.0 million in 2004. Operating losses totaled \$33.4 million, compared to \$11.7 million in 2004. The AMVESCAP Retirement business was sold in July 2005, and accordingly only six and a half months of the results of operations of this business are included in the 2005 financial statements. AUM were \$16.1 billion at December 31, 2005. Net inflows for the group amounted to \$0.4 billion for 2005.