

Invesco Ltd.
Form DEF 14A
March 31, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary proxy statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Invesco Ltd.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Edgar Filing: Invesco Ltd. - Form DEF 14A

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Notice of Annual General Meeting

of Shareholders and

2014 Proxy Statement

Your vote is important

Please vote by using the internet, the telephone or by signing, dating and returning the enclosed proxy card

Table of Contents

March 31, 2014

Invesco Ltd.

Two Peachtree Pointe

1555 Peachtree Street N.E.

Atlanta, Georgia 30309

Dear Fellow Shareholder,

You are cordially invited to attend the 2014 Annual General Meeting of Shareholders of Invesco Ltd., which will be held on Thursday, May 15, 2014 at 1:00 p.m., Eastern Time, in the Appalachians Room, 18th Floor, at Invesco's Global Headquarters, located at Two Peachtree Pointe, 1555 Peachtree Street N.E., Atlanta, Georgia 30309. Details of the business to be presented at the meeting can be found in the accompanying Notice of 2014 Annual General Meeting of Shareholders.

We are pleased to once again this year furnish proxy materials to our shareholders via the Internet. The e-proxy process expedites shareholders' receipt of proxy materials and lowers the costs and reduces the environmental impact of our Annual General Meeting. On March 31, 2014, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials ("Notice"). The Notice contained instructions on how to access our 2014 Proxy Statement, Annual Report on Form 10-K and other soliciting materials and how to vote. The Notice also contains instructions on how you can request a paper copy of the Proxy Statement and Annual Report if you so desire.

We hope you are planning to attend the meeting. **Your vote is important and we encourage you to vote promptly. Whether or not you are able to attend the meeting in person, please follow the instructions contained in the Notice on how to vote via the Internet or via the toll-free telephone number, or request a paper proxy card to complete, sign and return by mail so that your shares may be voted.**

On behalf of the Board of Directors and the management of Invesco, I extend our appreciation for your continued support.

Yours sincerely,

Rex D. Adams

Chairman

Table of Contents

Invesco Ltd.

Two Peachtree Pointe

1555 Peachtree Street N.E.

Appalachians Room, 18th Floor

Atlanta, Georgia 30309

NOTICE OF 2014 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Thursday, May 15, 2014

1:00 p.m.

The Annual General Meeting of Shareholders of Invesco Ltd. will be held at Invesco's Global Headquarters in the Appalachians Room, 18th Floor, located at Two Peachtree Pointe, 1555 Peachtree Street N.E., Atlanta, Georgia 30309 on Thursday, May 15, 2014 at 1:00 p.m. local time. The purposes of the meeting are:

1. To amend the Invesco Ltd. Amended and Restated Bye-Laws to declassify our Board of Directors;
2. To elect two (2) directors to the Board of Directors to hold office until the annual general meeting of shareholders in 2017;
3. To hold an advisory vote on executive compensation;
4. To appoint PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2014; and
5. To consider and act upon such other business as may properly come before the meeting or any adjournment thereof.

During the Annual General Meeting, the audited consolidated financial statements for the fiscal year ended December 31, 2013 of Invesco will be presented. Only holders of record of Invesco common shares on March 17, 2014 are entitled to notice of and to attend and vote at the Annual General Meeting and any adjournment or postponement thereof.

March 31, 2014

Atlanta, Georgia

By Order of the Board of Directors,

Kevin M. Carome, Company Secretary

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Visit the web site listed on your proxy card

BY TELEPHONE

Call the telephone number listed on your proxy card

BY MAIL

Sign, date and return a requested proxy card

IN PERSON

Attend the Annual General Meeting in Atlanta, Georgia

Table of Contents

Table of Contents

<u>PROXY STATEMENT SUMMARY</u>	1
<u>PROPOSAL NO. 1 AMENDMENT TO THE COMPANY S AMENDED AND RESTATED BYE-LAWS TO DECLASSIFY OUR BOARD</u>	5
<u>PROPOSAL NO. 2 ELECTION OF DIRECTORS</u>	6
<u>INFORMATION ABOUT DIRECTOR NOMINEES AND DIRECTORS CONTINUING IN OFFICE</u>	7
<u>CORPORATE GOVERNANCE</u>	13
<u>INFORMATION ABOUT THE BOARD AND ITS COMMITTEES</u>	14
<u>Board Meetings and Annual General Meeting of Shareholders</u>	14
<u>Committee Membership and Meetings</u>	15
<u>The Audit Committee</u>	15
<u>The Compensation Committee</u>	16
<u>The Nomination and Corporate Governance Committee</u>	17
<u>Director Compensation</u>	18
<u>INFORMATION ABOUT THE EXECUTIVE OFFICERS OF THE COMPANY</u>	21
<u>EXECUTIVE COMPENSATION</u>	23
<u>Compensation Discussion and Analysis</u>	23
<u>Compensation Committee Report</u>	40
<u>Summary Compensation Table for 2013</u>	41
<u>All Other Compensation Table for 2013</u>	42
<u>Grants of Plan-Based Share Awards for 2013</u>	43
<u>Outstanding Share Awards at Fiscal Year-End for 2013</u>	44
<u>Option Exercises and Shares Vested for 2013</u>	45
<u>Potential Payments Upon Termination or Change in Control for 2013</u>	45
<u>Information Regarding Equity Compensation Plans</u>	48
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	49
<u>REPORT OF THE AUDIT COMMITTEE</u>	49
<u>FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	50
<u>PRE-APPROVAL PROCESS AND POLICY</u>	50
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	51
<u>RELATED PERSON TRANSACTION POLICY</u>	52
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	52
<u>PROPOSAL NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	53
<u>PROPOSAL NO. 4 APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	54
<u>SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS</u>	55
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	56
<u>GENERAL INFORMATION REGARDING THE ANNUAL GENERAL MEETING</u>	57

<u>Questions and Answers About Voting Your Common Shares</u>	57
<u>Important Additional Information</u>	63
<u>APPENDIX A PROPOSED AMENDMENTS TO AMENDED AND RESTATED BYE-LAWS OF INVESCO LTD.</u>	66

Table of Contents**Proxy Statement Summary**

This summary highlights selected information in this Proxy Statement. Please review the entire Proxy Statement and the company's Annual Report on Form 10-K for the year ended December 31, 2013 before voting.

2013 Performance Highlights

27.7%	39.7%	\$34.4	29.1%	\$850
Increase in Annual Adjusted Operating Income*	Annual Adjusted Operating Margin*	billion	Increase in Annual Adjusted Diluted EPS*	million
		Assets Under Management Total Net Inflows		Total 2013 Return of Capital to Shareholders

*Note Regarding Non-GAAP Financial Measures: The adjusted financial measures are all non-GAAP financial measures. See the information on page 53 through 58 of our Annual Report on Form 10-K for the fiscal year 2013 for a presentation of, and reconciliation to, the most directly comparable GAAP measures. All current and prior period references to consolidated Invesco Ltd. results, including pre-cash bonus operating income (PCBOI) and assets under management (AUM), exclude the operations of the Atlantic Trust Private Wealth Management business (Atlantic Trust). The company closed the sale of Atlantic Trust on December 31, 2013.

2013 was a year of strong performance for Invesco. Invesco continued to provide strong, long-term investment performance to clients, which contributed to robust organic growth throughout the year. We delivered excellent results for our shareholders, continued to make progress against our strategic objectives and continued to expand the company's investment capabilities globally.

2013 Executive Compensation Highlights

Our compensation programs are tied to the achievement of our financial and strategic results and our success in serving our clients' and shareholders' interests. Reflecting our strong financial results and significant achievements related to our long-term strategic objectives, the compensation of our executive officers was positively impacted in 2013 and paid from the aggregate pool approved by the Compensation Committee (see *Executive Compensation Compensation Discussion and Analysis - Setting Annual Incentive Compensation Pool*). Below we highlight the results of the 2013 compensation decisions for our executive officers.

16% year-over-year increase in aggregate total compensation for our executive officers*	69% of incentive compensation is deferred incentive compensation for our President & CEO* Deferred Incentive Compensation	64% of incentive compensation is deferred incentive compensation for our other executive officers on average* Deferred Incentive Compensation
--	--	--

* Salaries for our executive officers were unchanged for 2013. Percentages are approximate.

Table of Contents

Proxy Statement Summary (cont d)

Results of 2013 Say-on-Pay Vote and Our Investor Outreach

At the 2013 Annual General Meeting of Shareholders, 95.8% of the votes cast were in favor of the advisory proposal to approve our named executive officer (NEO) compensation, (the Say-on-Pay advisory proposal). Although we believe that the 2013 vote conveyed our shareholders strong support of the committee s decisions and the existing executive compensation programs, during the balance of 2013 and early 2014, we continued to actively seek investor feedback concerning our compensation programs. In 2013 and early 2014, we held meetings with a significant number of our largest shareholders. While all of the shareholders we spoke with agree on the importance of pay and performance alignment, there was no consensus among these shareholders on how alignment should be measured. A number of the shareholders indicated that their Say-on-Pay decisions are made on a case-by-case basis and that they have not had any issues with Invesco s compensation in prior years, some noting in particular that they believe appropriate decisions have been made for NEO compensation. Our largest shareholders do not share a consistent philosophy regarding the structure of compensation. That said, all shareholders affirmed the importance of clear disclosure and transparency regarding the decision making process undertaken by the committee. Based on this feedback the committee determined to continue our current compensation practices as described in this Compensation Discussion and Analysis.

Matters For Shareholder Voting

At this year s Annual General Meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Amendment to our Bye-Laws to Declassify our Board of Directors

The Board recommends a vote **FOR** this proposal. See further below in this summary and page 5 for details.

Proposal 2: Election of Directors

The Board recommends a vote **FOR** the election of the director nominees named in this Proxy Statement. See further below in this summary and pages 6 through 12 for further information on the nominees.

Proposal 3: Advisory Vote on Executive Compensation

The Board recommends a vote **FOR** this proposal. See page 53 for details.

Proposal 4: Appointment of PricewaterhouseCoopers LLP for 2014

The Board recommends a vote **FOR** this proposal. See page 54 for details.

Amendment to Our Bye-Laws to Declassify Our Board Of Directors

Currently, our Board of Directors is divided into three classes and members of our Board are elected for staggered terms of three years. Our Board has adopted an amendment to the Invesco Ltd. Amended and Restated Bye-Laws (the

Bye-Laws) that, if approved by the shareholders at this year's Annual General Meeting, will provide for annual elections of our directors as follows. Commencing with the class of directors standing for election at the 2015 Annual General Meeting, directors will stand for election for one-year terms, expiring at the next succeeding Annual General Meeting. The directors who were elected at the 2013 Annual General Meeting, whose terms will expire in 2016, and the directors who are elected at the 2014 Annual General Meeting under Proposal No. 2, whose terms will expire in 2017, will continue to hold office until the end of the terms for which they were elected. Therefore, if this proposal is approved, all directors will be elected on an annual basis beginning with the 2017 Annual General Meeting. In all cases, each director will hold office until his or her successor has been elected and qualified or until the director's earlier resignation or removal. If the amendment to the Bye-Laws is not approved by our shareholders, our Board will remain classified. This proposal requires the affirmative vote of at least 75% of the issued and outstanding shares of the company.

Table of Contents**Proxy Statement Summary (cont d)**

Election Of Directors

You are being asked to cast votes for two directors, Messrs. Denis Kessler and G. Richard Wagoner, Jr., each for a three year term expiring in 2017. As previously announced, neither Mr. Rex Adams nor Sir John Banham has been nominated for re-election to the Board because each has reached the mandatory retirement age. This proposal requires the affirmative vote of a majority of votes cast at the Annual General Meeting. Immediately below is information regarding the directors standing for election and Board members continuing in office.

	Name	Director		Occupation	Independent	Other Public Boards	Committee Memberships		
		Age	Since				A	C	NCG
Directors standing for election	Denis Kessler	62	2002	Chairman and CEO, SCOR SE	X	2 ^(a)	M	M	M
	G. Richard Wagoner, Jr.	61	2013	Former Chairman and CEO, General Motors Corporation	X	1	M	M	M
Directors continuing in office	Joseph R. Canion	69	1997	Former CEO, Compaq Computer Corporation; Former Chairman Insource Technology Group	X	1			Ch ^(b)
	Martin L. Flanagan	53	2005	President and CEO, Invesco Ltd.		0			
	C. Robert Henrikson	66	2012	Former President and CEO, MetLife, Inc. and Metropolitan Life Insurance Company	X	1	M	Ch ^(b)	M
	Ben F. Johnson III	70	2009	Former Managing Partner, Alston & Bird LLP	X	0	M	M	M
	Edward P. Lawrence	72	2004	Former Partner, Ropes & Gray LLP	X	0	M	M	M
	J. Thomas Presby	74	2005	Former Partner, Deloitte & Touche LLP	X	3	Ch		M
	Phoebe A. Wood	60	2010	Principal, CompaniesWood, Former Vice Chairman and CFO, Brown-Forman Corporation	X	3	M	M	M
Retiring Directors	Rex D. Adams	73	2001	Former Vice President of Administration, Mobil Corporation	X	1		M	Ch
	Sir John Banham	73	1999	Former Chairman of Johnson Matthey plc	X	1	M	Ch	M

(a) Mr. Kessler currently serves on the board of directors of SCOR SE, BNP Paribas SA and Dassault Aviation. Effective as of the date of the 2014 Annual General Meeting, Mr. Kessler's service on the Dassault Aviation board will end.

A Audit
C Compensation
NCG Nomination and Corporate Governance
M Member

(b) As of the conclusion of the 2014 Annual General Meeting.

Ch Chairman

Table of Contents

Proxy Statement Summary (cont d)

Governance Highlights

Independence	<p>10 out of our 11 current directors are independent.</p> <p>Our CEO is the only management director.</p> <p>All of our Board committees are composed exclusively of independent directors.</p>
Independent Chairman	<p>We have an independent Chairman of our Board of Directors, selected by the independent directors.</p> <p>The Chairman serves as liaison between management and the other independent directors.</p>
Executive Sessions	<p>The independent directors regularly meet in private without management.</p> <p>The Chairman presides at these executive sessions.</p>
Board Oversight of Risk Management	<p>Our Board has principal responsibility for oversight of the company's risk management process and understanding of the overall risk profile of the company.</p>
Share Ownership Requirements	<p>Our non-executive directors must hold at least 18,000 shares of Invesco common stock within seven years of joining the Board.</p> <p>Our CEO must hold at least 250,000 shares of Invesco common stock.</p> <p>All other executive officers must hold at least 100,000 shares of Invesco common stock.</p>

Board Practices

Our Board annually reviews its effectiveness as a group.

Nomination policies are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience.

Directors may not stand for election after age 73.

Accountability

Directors must be elected by a majority of votes cast.

The Board is presenting for shareholder approval a resolution to declassify the Board of Directors.

[Additional Information Regarding the Annual General Meeting](#)

Please see [General Information Regarding the Annual General Meeting](#) beginning on page 57 for important additional information regarding the Annual General Meeting.

Table of Contents

Proxy Statement

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Invesco Ltd. (Board or Board of Directors) for the Annual General Meeting to be held on Thursday, May 15, 2014, at 1:00 p.m. Eastern Time. In this Proxy Statement, we may refer to Invesco Ltd. as the company, Invesco, we, us or

Proposal No. 1

Amendment to the Company s Amended and Restated Bye-Laws to Declassify our Board

The Board of Directors has unanimously adopted and is submitting for shareholder approval an amendment (the Amendment) to the Bye-Laws that would phase in the declassification of our Board of Directors and provide instead for the annual election of directors.

The Board believes that its classified structure has helped assure continuity of the company s business strategies and has reinforced a commitment to long-term shareholder value. Although these are important benefits, the Board recognized the growing sentiment among shareholders and the investment community in favor of annual elections. After careful consideration, the Board determined that it is appropriate to propose declassifying the Board.

Currently, our Board of Directors is divided into three classes and members of the Board are elected for staggered terms of three years. If the Amendment is approved, commencing with the class of directors standing for election at the 2015 Annual General Meeting, directors will stand for election for a one-year term, expiring at the next succeeding annual general meeting. The directors who were elected at the 2013 Annual General Meeting, whose terms will expire in 2016, and the directors who are elected at the 2014 Annual General Meeting under Proposal No. 2, whose terms will expire in 2017, will continue to hold office until the end of the terms for which they were recently elected. Therefore, if the Amendment is approved all directors will be elected on an annual basis beginning with the 2017 Annual General Meeting. The shaded blocks in the table below illustrates the years in which members of our Board would stand for annual elections if the proposal is approved by our shareholders.

Director	Election Year		
	2015	2016	2017
Flanagan, Henrikson, Johnson			
Canion, Wood			
Kessler, Wagoner			

In all cases, each director will hold office until his or her successor has been elected and qualified or until the director s earlier resignation or removal. If the Amendment is not approved, the Board of Directors will remain classified. Appendix A shows the proposed changes to Bye-Laws 8, 11 and 12, with deletions indicated by strikeouts and additions indicated by underlining.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE BYE-LAWS. This proposal requires the affirmative vote of at least 75% of the issued and outstanding shares of the company. Abstentions will have the same effect as votes against the proposal.

Table of Contents

Proposal No. 2

Election of Directors

The Board is divided into three classes, and our Class I directors are serving a term of office expiring at the 2014 Annual General Meeting. A director holds office until the annual general meeting of shareholders for the year in which his or her term expires, and until such director's successor has been duly elected and qualified or until such director is removed from office under our Bye-Laws or such director's office is otherwise earlier vacated. At each annual general meeting, successors to the class of directors whose term expires at such annual general meeting will be elected for a three-year term. However, if shareholders approve Proposal No. 1 providing for annual election of directors, beginning with the 2015 Annual General Meeting, successors to the class of directors whose term expires at such annual general meeting will be elected for a one-year term.

As previously announced, neither Mr. Rex Adams nor Sir John Banham has been nominated for re-election at the 2014 Annual General Meeting because each has reached the mandatory retirement age. Following the completion of the terms of Mr. Adams and Sir John Banham at the conclusion of the 2014 Annual General Meeting, the Board intends to reduce its size to nine (9) members.

The Board has nominated Messrs. Denis Kessler and G. Richard Wagoner, Jr. for election as directors of the company for a term ending at the 2017 Annual General Meeting. Messrs. Kessler and Wagoner are current directors of the company and further information regarding each of them is shown on the following page. Each nominee has indicated to the company that he would serve if elected. We do not anticipate that Messrs. Kessler or Wagoner would be unable to stand for election, but if that were to happen, the Board may reduce the size of the Board, designate a substitute or leave a vacancy unfilled. If a substitute is designated, proxies voting on the original director candidate will be cast for the substituted candidate.

Under our Bye-Laws, at any general meeting held for the purpose of electing directors at which a quorum is present, each director nominee receiving a majority of the votes cast at the meeting will be elected as a director. If a nominee for director who is an incumbent director is not elected and no successor has been elected at the meeting, the director is required under our Bye-Laws to submit his or her resignation as a director. Our Nomination and Corporate Governance Committee would then make a recommendation to the full Board on whether to accept or reject the resignation. If the resignation is not accepted by the Board, the director will continue to