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Press Release

12 June 2008

HERMES SELECTS NORTHERN TRUST AS OUTSOURCE PROVIDER

Hermes Fund Managers Limited (Hermes) has appointed Northern Trust as outsource provider for services covering custody, investment operations, fund accounting and transfer agency.

Northern Trust was appointed following a rigorous selection and due diligence process from a short-list of two providers. Throughout the process both providers demonstrated their expertise and capabilities in supporting Hermes' core requirements, however Northern Trust distinguished themselves with their understanding of Hermes' business needs and their transition capabilities.

Rupert Clarke, Chief Executive of Hermes said "Outsourcing these functions is consistent with our strategy of focusing on growing a specialist investment management business. Building a robust and progressive business platform to support our development is a key part of this. By partnering with Northern Trust, we are confident that these critical services will underpin the achievement of our goals."

ENDS

For further information:

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Notes to Editors

Hermes is a leading pension fund investment manager, independent of any broader financial services organisation, with £36.2bn under management*. Being 100% owned by the BT Pension Scheme (BTPS) – the UK's largest, we are uniquely placed to understand the issues faced by pension funds and other long term investors.

Hermes invests assets on behalf of 206 clients* including pension funds, insurance companies, government entities and financial institutions, as well as charities and endowments.

Recognised as a pioneer of core / satellite investment and its evolution into beta and alpha separation, we are at the forefront of delivering long term investment solutions. As the investment advisor and manager of the BTPS, our approach is reflected in the strong returns we have delivered.

We offer investment solutions ranging from alternative strategies such as commodities, hedge funds and our engagement focus funds to real estate, private equity and high alpha specialist equity products. Additionally, we help pension funds meet the highest standards of responsible long term ownership through our innovative Equity Ownership Service, which has over £50 billion* of assets under stewardship.

* As at 31 March 2008