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Press Release

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ENHANCEMENT TO HERMES FOCUS FUNDS STRUCTURE

Hermes announces the formation of a new partnership which will manage its Focus Funds from January 2009. The new partnership is an amalgamation of Hermes Focus Asset Management Limited and Hermes Focus Asset Management Europe Limited into a single partnership structure. The Hermes UK and European Focus Funds will be amalgamated from three separate funds into two: one Pan-European Focus Fund, covering both the UK and Continental Europe; and one single fund dedicated to the UK.

The changes have been made to improve the offering to clients and will provide both Funds with a larger number of stocks from which to select the best potential engagement cases.

Hermes Focus Asset Management LLP (the "Partnership") will provide the Focus Fund operations with a platform to continue development of innovative funds, while enhancing its ability to recruit and retain the best talent.

The new Partnership will be owned jointly by Hermes and by its executives, who will have a significant stake, aligning their incentives with the long-term interests of clients.

Stephan Howaldt and Wouter Rosingh will be Managing Partners, and together with Paul Harrison will lead the Partnership. Overall, more than 10 senior executives are expected to become equity partners. The Partnership will be overseen by a board that will include Hermes and BTPS representatives as well as outside non-executive directors and partnership executives.

Rupert Clarke, Chief Executive of Hermes, said: "I am delighted to announce the new Partnership, which provides clients with an enhanced offering, while ensuring that executives are well-incentivised to deliver strong performance. The new LLP is consistent with our overall strategy to have a multi boutique structure working alongside specialist investment management teams."

ENDS

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Notes to Editors

Hermes Focus Funds

Hermes Focus Asset Management Limited and Hermes Focus Asset Management Europe Limited are authorised and regulated by the Financial Services Authority. With combined funds under management of around £2.3bn as at 30 June 2008, assets are currently managed via 3 separate in-house European and UK engagement funds and a jointly-owned Japanese engagement fund, on behalf of 35 large institutional clients worldwide. As at 30 June 2008, the 3 in-house funds, which have long-term track records, have each outperformed their benchmarks since inception.

The Hermes Focus Funds are concentrated portfolios that invest in fundamentally sound, but underperforming companies. Using wide-ranging expertise and international market knowledge, the funds seek to improve the long-term performance of those companies through tailored relational shareholder engagement programmes.

Hermes

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