

PART 3 – EXPLANATION OF THE SHARE CONSOLIDATION AND PROPOSED RESOLUTIONS

An explanation of the Share Consolidation and the proposed resolutions is set out below in the form of questions and answers.

1. Why is Henderson Group carrying out the Share Consolidation?

The purpose of the Share Consolidation is to maintain the comparability of the share price and earnings per share before and after the payment of the Special Dividend. It is common UK practice for the payment of a special dividend exceeding approximately 10 per cent of the market value of a company to be combined with a share consolidation.

Without the Share Consolidation, Henderson Group's payment of the Special Dividend of 27.6 pence per Ordinary Share would be likely to result in a corresponding reduction in the share price. In addition, earnings per share would be likely to fall because the Company would no longer receive interest income on the cash returned to Shareholders, while the number of Ordinary Shares in issue would remain unchanged.

2. How will the Share Consolidation affect my shareholding?

If implemented, under the Share Consolidation each holder of Ordinary Shares will have their shares of 10 pence each held on the Record Date (expected to be 19 October 2007) replaced with New Ordinary Shares of 12.5 pence each. Therefore, holders of Ordinary Shares will receive 4 New Ordinary Shares for every 5 Existing Ordinary Shares held.

Existing Ordinary Shares held by CDN on behalf of CDI Holders will be replaced with New Ordinary Shares under the Share Consolidation. CDI Holders will receive 4 CDIs representing New Ordinary Shares (New CDIs) for every 5 CDIs representing Existing Ordinary Shares (Existing CDIs) held.

Apart from having a different nominal value, each New Ordinary Share will carry the same rights set out in the Company's articles of association, as currently attach to each Existing Ordinary Share.

For Shareholders with holdings that are not exactly divisible by 5, the Share Consolidation will give rise to an entitlement to a fraction of a New Ordinary Share or New CDI. Shareholders will receive a cash payment for any fractional entitlement to a New Ordinary Share or a New CDI resulting from the Share Consolidation. The payment will be of less value than one New Ordinary Share or New CDI.

Because the Existing Ordinary Shares and Existing CDIs of all Shareholders will be replaced by New Ordinary Shares and New CDIs, respectively, each individual Shareholder will retain the same percentage ownership of the issued share capital of Henderson Group that they had before the Share Consolidation, subject to minor changes resulting from the sale of fractional entitlements.

3. What does the term nominal value mean?

Nominal value, which is also known as face value or par value, is the value of a share assigned by a company at the time the share is issued. The nominal value of a share has no relation to its market value or its issue price, although shares may not be issued at a price below their nominal value.

The issued share capital account of Henderson Group was approximately £90.6 million divided into approximately 906 million shares of 10 pence each as at 28 August 2007. If implemented, the Share Consolidation will have the effect of re-denominating the issued share capital as approximately 724 million shares of 12.5 pence each. No change in the total value of the Company's issued share capital will occur; it will still be approximately £90.6 million.

4. Is a special dividend combined with a share consolidation the same as a share cancellation?

The combination of a special dividend and share consolidation has an effect similar to a share cancellation, in that each shareholder receives a cash payment and the number of shares held by each shareholder is reduced. As in the case of a share cancellation, under a special dividend and share consolidation each individual shareholder retains the same percentage ownership of the total issued share capital of the company.

However, the transactions are different. Under a share cancellation, a certain proportion of the shares held by shareholders is cancelled in return for a cash payment. Under a special dividend and a share consolidation, existing shares are replaced by new shares with a different nominal value. A special dividend combined with a share consolidation may be assessed differently from the cash received under a share cancellation for taxation purposes.

5. How was the consolidation ratio determined?

The ratio of 4:5 is based on the relationship between the Special Dividend amount and Henderson Group's market value. The total amount of the Special Dividend was equivalent to approximately 20 per cent of the market capitalisation of the Company as at the close of business on 28 August 2007, the latest practicable date prior to the publication of this document, when the closing mid-market price for Existing Ordinary Shares was 141 pence and there were 906 million Existing Ordinary Shares.

If implemented, the effect of the Share Consolidation will be to reduce the number of Ordinary Shares by approximately the same percentage.

6. What payments will be made to Shareholders? When and how will they be made?

If implemented, under the Special Dividend and Share Consolidation, Shareholders on the share register on the Record Date (expected to be 5.00pm on 19 October 2007) will receive payments in respect of:

- the Special Dividend; and
- any entitlement to a fraction of a New Ordinary Share or New CDI resulting from the Share Consolidation.

The Interim Dividend of 1.66 pence per Existing Ordinary Share or Existing CDI (in respect of the results for the six months ended 30 June 2007) will be paid to Shareholders on the register on the Record Date (expected to be 19 October 2007) irrespective of whether Shareholders approve the Share Consolidation.

The payments are expected to be made by 29 October 2007, as described below:

Holders of Ordinary Shares listed on the LSE	Holders of CDIs listed on the ASX
<p>Certificated shares:</p> <ul style="list-style-type: none"> • A credit to a bank account, or cheque, in £ for an amount that will be the total of the Special Dividend, the Interim Dividend and any fractional entitlement amount • An advice of transaction statement • A new share certificate <p>Uncertificated shares:</p> <ul style="list-style-type: none"> • A credit to a CREST account in £ for an amount that will be the total of the Special Dividend, the Interim Dividend and any fractional entitlement amount • A credit to a CREST account in New Ordinary Shares 	<ul style="list-style-type: none"> • A credit to a bank account, or cheque, in A\$ or NZ\$ for an amount that will be the total of the Special Dividend, the Interim Dividend and any fractional entitlement amount • An advice of payment statement • A new holding statement

Example:

Number of Existing Ordinary Shares/Existing CDIs held on Record Date	Number of New Ordinary Shares/New CDIs held after Share Consolidation takes effect	Fractional entitlement of New Ordinary Share/New CDI	Fractional entitlement amount*		Special Dividend	
			Holder of New Ordinary Shares (£)	Holder of New CDIs (A\$)	Holder of New Ordinary Shares (£)	Holder of New CDIs** (A\$)
1	–	0.80	1.13	2.89	0.28	0.69
2	1	0.60	0.85	2.17	0.55	1.38
4	3	0.20	0.28	0.72	1.10	2.76
100	80	–	–	–	27.60	69.00
243	194	0.40	0.56	1.44	67.07	167.67
390	312	–	–	–	107.64	269.10
1,499	1,199	0.20	0.28	0.72	413.72	1,034.31
1,500	1,200	–	–	–	414.00	1,035.00
12,348	9,878	0.40	0.56	1.44	3,408.05	8,520.12

* Illustrative amount based on a price of 141 pence per Ordinary Share and A\$3.61 per CDI. The prices paid to Shareholders will be the prices obtained by Henderson Group for the sales of the aggregated fractions of New Ordinary Shares and New CDIs conducted on the LSE and on the ASX, respectively, net of any related transaction costs, after the Share Consolidation takes effect.

** Illustrative amount based on an exchange rate of A\$2.5:£1. The exchange rate that will be used will be announced on the Record Date.

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7. What price will Shareholders be paid for a fractional entitlement?

If implemented, under the Share Consolidation all the fractional entitlements to New Ordinary Shares and New CDIs will be aggregated and sold on behalf of Shareholders on the market after the Share Consolidation takes place. The prices paid to holders of Ordinary Shares (taken together) and to CDI Holders (taken together) will be the prices obtained by Henderson Group for the sales of the aggregated fractions of New Ordinary Shares and New CDIs conducted on the LSE and on the ASX, respectively, net of any related transaction costs.

Note that only Shareholders with a holding in Existing Ordinary Shares or Existing CDIs that is not exactly divisible by 5 will be left with an entitlement to a fraction of a New Ordinary Share or New CDI.

8. How will you determine the exchange rate for the dividends?

The exchange rate will be the average, calculated on the Record Date, of the rates of exchange obtained by Henderson Group under such foreign exchange contracts as it shall have executed on or before the Record Date, for the purchase of A\$ or, as the case may be, NZ\$, in relation to the Interim Dividend and, if the Share Consolidation is approved, the Special Dividend. The precise timing of the execution of such foreign exchange contracts will be determined by reference to the then prevailing liquidity in the relevant currency markets. The exchange rates will be announced on the Record Date, which is expected to be 19 October 2007.

9. Will Shareholders receive updated statements and new share certificates?

If the Share Consolidation is approved, Henderson Group will send holders of certificated Ordinary Shares a definitive share certificate for the number of New Ordinary Shares held and CDI Holders a holding statement for the number of New CDIs held, by no later than 29 October 2007. The new share certificates will be sent by pre-paid first class post, at the risk of the relevant holder of Ordinary Shares, to the registered address of that holder or, in the case of joint holders, to the one whose name appears first in the register of members.

Share certificates for Existing Ordinary Shares will no longer be valid and should be destroyed once the new documentation is received. Until a holder of certificated Ordinary Shares receives a new share certificate, transfers of certificated Ordinary Shares will be certified against the register.

10. How will the Share Consolidation timetable affect dealings in Ordinary Shares and CDIs?

If the Share Consolidation is approved, trading in Ordinary Shares on the LSE is expected to commence on an ex-dividend and post-consolidation basis on 22 October 2007. Trading in CDIs on the ASX is expected to commence on an ex-dividend, post-consolidation and deferred settlement basis on 15 October 2007 (four business days prior to the Record Date, which is expected to be 19 October 2007). This means that purchasers of Ordinary Shares or CDIs from these dates will not be entitled to receive the Interim Dividend and the Special Dividend. Holders of Ordinary Shares who sell all or part of their holding on or after 22 October 2007 and CDI Holders who sell all or part of their holding on or after 15 October 2007, should ensure that they will have sufficient New Ordinary Shares or New CDIs remaining to deliver in settlement of those trades.

Requests by holders of Ordinary Shares to convert Ordinary Shares into CDIs and by CDI Holders to convert their CDIs into Ordinary Shares will not be processed from four business days prior to the Record Date to the completion of the Share Consolidation i.e. from 15 October 2007 to 19 October 2007 (inclusive). Requests received during this period will be treated as requests to convert New Ordinary Shares or New CDIs existing after the Share Consolidation has taken effect.

If any of the dates above change, Henderson Group will announce a revised timetable.

11. What will the tax impact be?

If the Share Consolidation is approved, it is expected that, for Shareholders in general:

- the receipt of the Special Dividend will be treated as an income distribution for tax purposes;
- the Share Consolidation should not give rise to any tax liability; and
- UK and New Zealand resident Shareholders should not be subject to any immediate capital gains tax liability on the disposal of any fractional entitlement. Australian resident Shareholders are anticipated to be subject to tax on any capital gain arising on the sale of any fractional entitlement.

A more detailed summary of the tax consequences of the Special Dividend and Share Consolidation for Shareholders is set out in Part 4 of this circular. Holders of Ordinary Shares and CDI Holders who are in any doubt as to their tax position should consult their professional advisers.

12. Can a Shareholder opt out of the Share Consolidation?

No. If approved, the Share Consolidation will apply to all Shareholders.

- 13. What happens if the Share Consolidation is not approved by Shareholders?**
- If Shareholders do not approve the Share Consolidation, then the Special Dividend will not be paid and Henderson Group will retain the surplus cash. The Board considers that the Special Dividend should be combined with the Share Consolidation to maintain the comparability of the share price and earnings per share before and after the payment of the Special Dividend. The Board has approved payment of the Special Dividend with the condition of the Share Consolidation taking place. However, the Interim Dividend of 1.66 pence per Existing Ordinary Share or Existing CDI will still be paid.
- 14. Where does the surplus cash the Board has identified come from?**
- Since October 2006, when Henderson Group last returned cash to Shareholders, the Company's balance sheet position has improved. With effect from 1 January 2007, Henderson Group was granted a waiver by the Financial Services Authority (FSA) from consolidated supervision, which increased the regulatory capital surplus in the business and gave the Company more flexibility in respect of ongoing capital planning. Earlier this year, Henderson Group took on a prudent amount of debt, which improved balance sheet efficiency. As a result, based on a prudent assessment of forecast cash flows and regulatory, seed and working capital requirements of the business, the Board has identified approximately £250 million surplus cash.
- 15. Why use the Special Dividend to return cash instead of the method used before, which was a capital reduction and share cancellation?**
- As in the previous returns of cash, the Board considered the interests of Shareholders when evaluating different methods for returning cash to Shareholders. On balance, the Board decided that the best method, in this instance, would be the Special Dividend combined with the Share Consolidation.
- 16. Why is Shareholder approval required for the Share Consolidation and not for the Special Dividend?**
- If approved, the Share Consolidation will be carried out by a consolidation and subdivision of the Company's share capital. Under the articles of association of Henderson Group and under the Companies Act, Shareholders must pass an ordinary resolution in order for the Company to consolidate and subdivide its share capital. The ordinary resolution will be passed if at least 50 per cent of the votes cast are "for" the resolution. The Special Dividend does not require Shareholder approval, as the Directors have the authority to declare the Special Dividend under the articles of association of the Company.
- 17. Why are Shareholders being asked to reconsider two resolutions that were approved at the 2007 AGM?**
- If Resolution 1 is approved, the Share Consolidation will take effect. The total number of Ordinary Shares in issue will be reduced and the nominal value of each Ordinary Share will increase from 10 pence to 12.5 pence. As a result, the Shareholder approvals received at the 2007 AGM to make market purchases of Ordinary Shares and to enter into a contingent purchase contract (CP Contract) will no longer be valid, as each of those resolutions specifically refers to Ordinary Shares with a nominal value of 10 pence. These approvals are being sought in Resolution 2 and Resolution 3.
- 18. Why is Henderson Group seeking the authority to purchase its own shares (Resolution 2)?**
- Resolution 2 is conditional on the Share Consolidation proposed under Resolution 1 being approved. If the Share Consolidation is approved, the nominal value of Henderson Group's Ordinary Shares will change. The authority to purchase own shares sought under Resolution 2 is to update a similar authority granted at the 2007 AGM in May for the new nominal value.
- As set out in the explanatory notes to the notice of the 2007 AGM, the Directors consider that it may be advantageous for the Company to buy back its own shares in certain circumstances. The Directors will keep a possible future buy back of shares under review, taking into account the Company's financial position, share price and other investment opportunities. No shares have been purchased under the existing authority as at the date of this circular.
- As set out in the notice of EGM, Resolution 2 seeks Shareholders' approval for Henderson Group to purchase a maximum number of New Ordinary Shares that represents just under 10 per cent of the Company's issued share capital (excluding treasury shares) as at 28 August 2007, taken together with any New Ordinary Shares purchased by the Company pursuant to Resolution 3. Within this limit, the proportion of shares to be bought back pursuant to each of Resolution 2 and Resolution 3 will be determined by the Directors in what they believe to be the best interests of Shareholders generally. Any purchases of New Ordinary Shares would be by means of market purchases. The resolution sets the maximum and minimum prices per share for any such purchases. Resolution 2 will be proposed as a special resolution and so will be passed if more than 75 per cent of the votes cast are in favour. The authority sought by this resolution will expire at the end of the next AGM or 18 months from the date of the Resolution, whichever is earlier.
- 19. Why is Henderson Group seeking the authority to purchase its shares under a contingent purchase contract (Resolution 3)?**
- As in the case of Resolution 2, Resolution 3 is conditional on the Share Consolidation proposed under Resolution 1 being approved. If the Share Consolidation is approved, the nominal value of Henderson Group's Ordinary Shares will change. The authority sought under Resolution 3 to enter into a CP Contract is to update a similar authority granted at the 2007 AGM in May for the new nominal value.
- As set out in the explanatory notes to the notice of the 2007 AGM, the Directors consider that it may be advantageous for the Company to buy back interests in its own CDIs in certain circumstances. However, because CDIs are interests in shares rather than shares themselves, the provisions of the Companies Act that provide for a buy back of shares do not apply to CDIs.

PART 3 – SUMMARY EXPLANATION OF THE RETURN OF CASH
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Henderson Group, therefore, seeks authority by way of a special resolution to enter into a CP Contract for this purpose with Credit Suisse (Australia) Limited and certain of its affiliates (Credit Suisse), as identified in the CP Contract. No interests in CDIs have been purchased under the existing authority as at the date of this circular.

Under the CP Contract, Credit Suisse is able to buy New CDIs listed on the ASX and will then convert the New CDIs into New Ordinary Shares listed on the LSE (Converted Shares). The Company will then have an obligation to buy any Converted Shares from Credit Suisse up to a maximum number that represents just under 10 per cent of the Company's issued share capital (excluding treasury shares) as at 28 August 2007, taken together with any New Ordinary Shares purchased by the Company under Resolution 2. The CP Contract sets the maximum and minimum prices for any such purchases. The price to be paid by Henderson Group for a Converted Share will be the price paid by Credit Suisse for the relevant New CDIs plus any stamp duty, stamp duty reserve tax, or other applicable transfer tax. Resolution 3 will be proposed as a special resolution and so will be passed if more than 75 per cent of the votes cast are in favour. The authority sought by this resolution will expire at the end of the next AGM or 18 months from the date of the Resolution, whichever is earlier.

20. Will shares purchased under the authorities sought be cancelled or held as treasury shares?

Shares purchased under the authorities sought by Resolution 2 and Resolution 3 will either be cancelled or held as treasury shares. Treasury shares may be cancelled or sold for cash. The Company may also use treasury shares to meet Henderson Group's obligations under the Company's employee share incentive schemes. So long as is required under institutional guidance (e.g. guidelines of the National Association of Pension Funds), the Company will treat the use of these shares as if they were an issue of new shares for the purpose of meeting the antidilution limits applicable to such schemes.

As at 28 August 2007, there were 3,134,007 options over unissued Ordinary Shares outstanding under the Henderson Group share incentive schemes, which represented 0.35 per cent of the Company's issued share capital (excluding treasury shares) at that date. If Henderson Group was to exercise its full authority permitted under Resolution 2 and under Resolution 3, the number of unissued Ordinary Shares subject to these options would then represent 0.38 per cent of the Company's issued share capital (excluding treasury shares) as at 28 August 2007.

21. How do I vote?

Shareholders are requested to vote on all the resolutions. Information on how to vote is set out in Part 8 of this circular.

22. What happens if I do not vote?

Shareholders are asked to vote on these important resolutions. However, voting is not compulsory. The outcome of the vote will be announced through the ASX and the LSE following the EGM.

23. Am I a Shareholder or a CDI Holder?

A CDI Holder is a holder of CDIs listed on the ASX. CDIs are a way of allowing securities of foreign companies to be traded on the ASX. CDIs afford Shareholders all the same direct economic benefits as Ordinary Shares, e.g. the right to dividends. If you are an Australian or New Zealand resident Shareholder, you are likely to have received your holding in the form of CDIs at or since the time of the demerger of the Company from AMP Limited in December 2003.

In this document, unless the context requires something different, where the term 'Shareholder' is used, it refers to a holder of Henderson Group equity, regardless of whether the holder's shares are Ordinary Shares listed on the LSE or CDIs listed on the ASX. Similarly, where the terms 'share' or 'shareholding' are used in this circular, they include a CDI or CDI holding, where appropriate and the context does not otherwise require.

For the purposes of the proposed Share Consolidation, holders of Ordinary Shares listed on the LSE and holders of CDIs listed on the ASX will be treated equally.

24. What is an extraordinary general meeting?

Any meeting of the shareholders of a company other than an annual general meeting is known as an extraordinary general meeting.

25. Where is the EGM?

The EGM will be held at 4 Broadgate, London EC2M 2DA (at 9.00am (London time) on 9 October 2007) and will be simultaneously broadcast to the Wesley Conference Centre, 220 Pitt Street, Sydney, NSW, Australia (at 6.00pm (Sydney time) on 9 October 2007).

26. Which documents are available for inspection? Where are they available?

Copies of the following documents will be available for inspection during normal business hours on any business day at the registered office of Henderson Group plc, at 4 Broadgate, London EC2M 2DA, from 24 September 2007 up to and including the date of the EGM:

- the memorandum and articles of association of the Company;
- the consent letters of JPMorgan Cazenove and UBS;
- the CP Contract;
- the register of Shareholders; and
- this document.