

PART II – UNDERSTANDING THE PROPOSALS

1. WHAT AM I BEING ASKED TO VOTE ON?

On 28 August 2008 Old Henderson Group announced proposals related to a change in the corporate structure and organisation of the Henderson Group. As a Shareholder of Old Henderson Group you are asked to vote on resolutions relating to the introduction of a new holding company of Henderson Group by means of the Scheme and to approve the adoption by New Henderson Group of New Henderson Group Share Plans.

2. WHY IS OLD HENDERSON GROUP PROPOSING THE SCHEME?

The Scheme is a formal procedure under the UK Companies Act which enables New Henderson Group to become the new holding company for the Henderson Group. The Scheme requires the approval of Old Henderson Group Shareholders and the Court. If the relevant approvals are obtained, all Old Henderson Group Shareholders will be bound by the Scheme regardless of whether or how they voted.

3. WHAT ARE THE BENEFITS OF THE PROPOSALS?

The Proposals are intended to enable Henderson Group to maintain an effective corporate tax rate that is lower than the current statutory UK corporate tax rate. If the Proposals are implemented and assuming current tax laws remain unchanged, Henderson Group aims to achieve an effective corporate tax rate of approximately 20% per annum from 2009.

For historical reasons, Henderson Group's parent company has been tax-resident in the UK. As its business becomes increasingly global, Old Henderson Group has concluded that it and its shareholders would be better served by having an international holding company and a group structure that is designed to help protect Henderson Group's taxation position and better facilitate Henderson Group's financial management. The Old Henderson Group Directors believe that the most appropriate structure is for the new parent company of Henderson Group to be tax-resident in the Republic of Ireland.

4. WILL THESE BENEFITS BE ACHIEVED?

The new corporate structure is designed to help protect Henderson Group's tax position. However the effectiveness of the new corporate structure is dependent on current tax laws in the UK, Republic of Ireland and other jurisdictions. There can be no certainty that the current corporate structure will protect Henderson Group's tax position. In addition, there can be no certainty that future changes in tax laws will not reduce the effectiveness of the new corporate structure. As a result, Henderson Group's tax position may change materially in the future and Henderson Group's effective tax rate may be materially higher than the rate achieved by Henderson Group in the past.

5. DO DEVELOPMENTS ON THE UK GOVERNMENT'S PROPOSED CHANGES TO THE "TAXATION OF FOREIGN PROFITS" OF COMPANIES IMPACT THE PROPOSALS?

In June 2007, HM Treasury issued a discussion document on proposed changes to the "Taxation of Foreign Profits" of companies. Since that date, significant debate has taken place with respect to the proposals. At this stage, considerable uncertainty remains on both the timing and the form that any proposed changes might take and consequently it is not possible to predict the impact of any such changes on the Proposals.

6. WHAT APPROVALS ARE NEEDED FOR THE SCHEME TO BECOME EFFECTIVE?

The implementation of the Scheme is conditional upon:

- (a) approval, by a majority in number of Old Henderson Group Shareholders on the Old Henderson Group share register (but not on the Old Henderson Group CDI register as CDN represents the Old Henderson Group CDI holders for the numbers test) who vote, representing not less than 75% in value of the Old Henderson Group Shareholders who vote, either in person or by proxy, at the Court Meeting;
- (b) the passing of the special resolution and ordinary resolution 2 set out in the notice of the General Meeting approving the Scheme, the cancellation of the Old Henderson Group Ordinary Shares by way of reduction of capital, the creation and allotment of New Henderson Group Ordinary Shares, certain amendments to the Old Henderson Group Articles and the change of name of Old Henderson Group;

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- (c) sanction by the Court (without modification or, if agreed by Old Henderson Group and New Henderson Group, with modification) of the Scheme and confirmation by the Court of the reduction of Old Henderson Group's ordinary share capital which shall occur as a result of the cancellation of Old Henderson Group Ordinary Shares as part of the Scheme (as referred to in paragraph (b) above); and
- (d) a copy of the order of the Court sanctioning the Scheme and confirming the reduction of capital referred to in paragraph (b) above having been delivered to the Registrar of Companies in England and Wales for registration and the order and relevant minute being registered by the Registrar of Companies.

The Old Henderson Group Directors will not take the necessary steps to enable the Scheme to become effective unless certain other conditions set out in paragraph 3 of PART III of this document have also been satisfied.

7. WILL NEW HENDERSON GROUP BE LISTED IN THE REPUBLIC OF IRELAND?

No, New Henderson Group is intended to be tax-resident in the Republic of Ireland but will be listed on the LSE and ASX only.

8. WHY IS NEW HENDERSON GROUP INCORPORATED IN JERSEY?

New Henderson Group is incorporated in Jersey as, under current law, no stamp duty should normally be payable on share dealings in a Jersey incorporated company. Jersey company law is similar to English company law. Please see paragraph 4 of PART IV for further information on differences between English and Jersey company law and the implications of New Henderson Group being a Jersey incorporated company.

9. WHAT WILL OLD HENDERSON GROUP DO IF THE SCHEME IS NOT APPROVED?

Old Henderson Group will remain incorporated in the UK and continue to be listed on the LSE and ASX.

10. HOW WILL THE SCHEME AFFECT MY SHAREHOLDING?

There will be no substantial change to your shareholding.

Under the Scheme, Old Henderson Group Shareholders at the Scheme Record Date and Time will receive, in exchange for their Old Henderson Group Ordinary Shares, New Henderson Group Ordinary Shares on a one for one basis. As a consequence, Old Henderson Group CDI holders at the Scheme Record Time will receive, in exchange for their Old Henderson Group CDIs, New Henderson Group CDIs on a one for one basis.

The Scheme will therefore result in those Shareholders and CDI holders in Old Henderson Group becoming holders of Shares or CDIs (as applicable) in New Henderson Group in the same proportions as their holdings in Old Henderson Group. When the Scheme becomes effective, the rights attached to the New Henderson Group Ordinary Shares and the New Henderson Group CDIs will be substantially the same as the rights attached to the Old Henderson Group Ordinary Shares and the Old Henderson Group CDIs respectively.

New Henderson Group will have new articles and, where appropriate and subject to Jersey Companies Law, provisions have been incorporated into the New Henderson Group Articles to include certain rights that are not conferred by Jersey Companies Law.

11. WHAT ARE THE PRINCIPAL STEPS IN THE SCHEME?

Under the Scheme, all the Scheme Ordinary Shares will be cancelled on the Scheme Effective Date (which is expected to be 31 October 2008).

In consideration of the cancellation of the Scheme Ordinary Shares, the Scheme Shareholders will receive, in respect of any Scheme Ordinary Shares held at the Scheme Record Time on the Scheme Record Date:

for each Scheme Ordinary Share cancelled One New Henderson Group Ordinary Share

When the Scheme becomes effective, the rights attached to New Henderson Group Ordinary Shares will be substantially the same as the rights currently attached to the existing Old Henderson Group Ordinary Shares. A summary of the principal differences between New Henderson Group Articles and Old Henderson Group Articles is set out in paragraph 1 of PART IV of this document. A description of certain provisions of the New Henderson Group Articles is set out in paragraph 3 of PART IV of this document. The differences between English and Jersey law and the implications of New Henderson Group being a Jersey incorporated company are set out in paragraph 4 of PART IV of this document.

12. WHY ARE THERE TWO MEETINGS AND DO I NEED TO ATTEND?

There are two shareholder meetings, being the Court Meeting and a subsequent General Meeting, which are being called for different purposes but which will be held on the same day.

The sole purpose of the Court Meeting is to seek the approval of Old Henderson Group Shareholders for the Scheme.

The General Meeting, which will be held immediately after the Court Meeting, is being called to enable Old Henderson Group Shareholders to approve the Scheme and various matters in connection with the Scheme (including the Reduction of Capital and the change of name of Old Henderson Group) and to approve the adoption by New Henderson Group of the New Henderson Group share plans.

The meetings will be held on 30 September 2008.

If you hold Old Henderson Group Ordinary Shares you are entitled to attend the Court Meeting and the General Meeting. If you do not attend, you are still entitled to vote at both meetings by appointing a proxy. If you hold Old Henderson Group CDIs and you wish to attend the meetings in person and be able to speak and/or vote, please ensure that you complete and submit both CDI Voting Instruction Forms in the manner set out in PART VI.

13. IF I VOTE AGAINST THE SCHEME, HOW CAN IT STILL GO AHEAD?

The Scheme requires the approval of Old Henderson Group Shareholders as detailed in paragraph 13 of PART III of this document and the Court under the UK Companies Act. If the relevant approvals are obtained, all Old Henderson Group Shareholders will be bound by the Scheme regardless of whether or how they voted.

14. HOW DO I VOTE?

It is important that as many Old Henderson Group Shareholders as possible cast their votes. This applies to both the Court Meeting and the General Meeting. In particular, it is important that a considerable number of votes are cast at the Court Meeting so as to demonstrate that there is a fair representation of Old Henderson Group Shareholder opinion.

If you do not wish, or are unable, to attend the Court Meeting and/or the General Meeting and you are an Ordinary Shareholder, you may appoint a "proxy" to act on your behalf and vote on the poll at the Court Meeting and vote at the General Meeting. You may appoint your proxy by completing the Proxy Forms/CDI Voting Instruction Forms and returning them in accordance with the instructions set out in this document and on the relevant Proxy Forms/CDI Voting Instruction Forms. If you are a CDI holder you may either direct CDN how it should vote or instruct CDN to appoint you or someone else as its proxy to act on your behalf and vote on the poll at the Court Meeting and at the General Meeting.

You are, therefore, strongly encouraged to complete, sign and return your Proxy Form/CDI Voting Instruction Forms as soon as possible. You have been sent a white Proxy Form or CDI Voting Instruction Form for the Court Meeting and a purple Proxy Form or CDI Voting Instruction Form for the General Meeting. Alternatively, you can go to the Old Henderson Group website at <http://go.henderson.com/nhg> to vote online.

If you hold Ordinary Shares in uncertificated form you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST manual ensuring that it is received by the Henderson Group Share Registry (under CREST Participant ID 3RA50) by no later than 48 hours before the time appointed for the relevant meeting.

15. WHAT HAPPENS IF I DO NOT VOTE?

The Scheme requires the approval of Old Henderson Group Shareholders and the Court. If the relevant approvals are obtained, all Old Henderson Group Shareholders will be bound by the Scheme regardless of whether or how they voted.

Shareholders are encouraged to vote at the Court Meeting and the General Meeting, however, voting is not compulsory. The outcome of the votes will be announced through the LSE and ASX and on the Old Henderson Group website at www.henderson.com following the General Meeting.

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16. AM I A SHAREHOLDER OR CDI HOLDER?

You are a CDI holder if you hold Old Henderson Group CDIs traded on the ASX. If you are an Australian or New Zealand resident shareholder you are likely to be an Old Henderson Group CDI holder.

You are a Shareholder if you hold Old Henderson Group Ordinary Shares traded on the LSE. If you are resident in the UK you are likely to be an Old Henderson Group Shareholder.

17. WHAT IF I PARTICIPATE IN AN OLD HENDERSON GROUP SHARE PLAN?

Depending on the relevant Old Henderson Group Share Plan, you will either be given the opportunity to exchange your options and awards relating to Old Henderson Group Ordinary Shares for equivalent rights relating to New Henderson Group Ordinary Shares or such exchange will occur automatically. The replacement options and awards will be treated as having been granted at the same time as the old rights which they replace and they will become exercisable or vest on similar terms subject to the rules of the relevant share plan.

18. WHAT ARE THE NEW HENDERSON GROUP EMPLOYEE SHARE PLANS?

New Henderson Group intends to operate the New Henderson Group Share Plans in order to continue to provide share based incentives to employees within the New Henderson Group. The New Henderson Group Share Plans will relate to New Henderson Group Ordinary Shares but will otherwise be substantially the same as the Old Henderson Group Share Plans. Shareholders are being asked to approve the adoption of New Henderson Group Share Plans at the General Meeting.

19. WHERE ARE THE MEETINGS?

The Court Meeting and the General Meeting will take place on 30 September 2008 at 4 Broadgate, London EC2M 2DA and will be broadcast at the relevant times to the Wesley Conference Centre, 220 Pitt Street, Sydney, NSW, Australia.

20. WHAT IS THE TAX IMPACT OF THE PROPOSALS ON MY SHARES?

Summaries of certain limited aspects of the Australian, New Zealand and the UK tax consequences of the Scheme for Shareholders in the circumstances described therein are set out in paragraph 6 of PART IV of this document. These summaries are intended as a general guide only and not as a substitute for detailed tax advice.

If you are in any doubt about your tax position, you should consult an appropriate professional adviser immediately.

21. WHO WILL I RECEIVE A DIVIDEND FROM?

New Henderson Group intends, after the Scheme becomes effective, to put an IAS plan in place which is intended to ensure that, as under current Old Henderson Group dividend payment arrangements, tax is not required to be withheld from the payment of dividends to New Henderson Group Shareholders or holders of New Henderson Group CDIs. Without this, Shareholders and CDI Holders would need to comply with certain administrative and advance certification procedures to ensure that Irish dividend withholding tax is not withheld. Further details of the IAS plan are set out in paragraph 5 of PART IV of this document. All New Henderson Group Shareholders, including CDN, on behalf of holders of New Henderson Group CDIs, will be deemed to have elected to participate in the IAS plan and to receive dividends from IAS Issuer rather than from New Henderson Group unless you elect otherwise or, in the case of CDI holders, direct CDN to elect otherwise in respect of your CDIs. Forms to elect to receive dividends from New Henderson Group instead of IAS Issuer will be available from the New Henderson Group Share Registry. There is a risk that New Zealand Shareholders who do not make an election not to participate in the IAS plan may be adversely affected by the tax treatment of dividends paid under the IAS plan. Please see paragraph 6.2 of PART IV for further details.

The IAS plan may not be implemented. If the IAS plan is implemented, it can be terminated or suspended at any time. In this case dividends will be paid to all Shareholders, including Shareholders who had previously made or been deemed to have made an IAS Election, by New Henderson Group. In certain circumstances New Henderson Group Shareholders who have made, (or are deemed to have made) an election to participate in the IAS plan may receive all or part of their dividend from New Henderson Group. Please see sections on "Shortfall in Dividend Payment" and "Termination" on pages 37 and 38 for further details. In no circumstances will the IAS Issuer or New Henderson Group or Old Henderson Group compensate Shareholders for any adverse tax consequences. A summary of certain limited aspects of UK and Irish tax consequences of the IAS plan is contained in the paragraphs entitled "UK Taxation" and "Republic of Ireland Taxation" in paragraphs 6.3 and 6.4 of PART IV.

22. WILL YOUR DIVIDEND POLICY CHANGE?

The Board of Directors of New Henderson Group expects to continue to pay dividends in line with the policy which Old Henderson Group has adopted to date. The Henderson Group commenced the payment of dividends in 2006 and has been aiming for a dividend cover of approximately two times net profits after tax before non-recurring items. The Board recently reviewed this policy and has increased the dividend pay-out ratio in 2008 from 50% to 55% of net profits after tax before non-recurring items. Beyond that, Henderson Group intends to increase the dividend pay-out ratio by 5 percentage points a year, bringing the ratio to about 65% from 2010 onwards.

23. WILL MY SHAREHOLDER INFORMATION AND PREFERENCES BE TRANSFERRED?

All current shareholder information and preferences under Old Henderson Group, including bank account details and communication preferences, will be carried over to the shareholder register of New Henderson Group.

Your present dividend payment instructions will continue for New Henderson Group and the IAS plan after the Scheme Effective Date, unless and until you revoke them. If you wish to change your instructions you should go to www.henderson.com or contact the Henderson Group Share Registry.

24. CAN I TRADE MY SHARES WHILE THE PROPOSALS ARE BEING EFFECTED?

Yes, you will be able to trade your shares.

Trading in New Henderson Group Ordinary Shares on the LSE will commence on 3 November 2008 under the ticker code HGG.

Trading in New Henderson Group CDIs on the ASX under the ticker code HGG will be on a deferred settlement basis for the period 27 October to 7 November, both days inclusive. Settlement of New Henderson Group CDIs traded during this period will be deferred until 13 November 2008. Normal settlement trading of New Henderson Group CDIs on the ASX will commence on 10 November 2008, under the ticker code HGG.

The last day for processing requests by Ordinary Shareholders to convert their Old Henderson Group Ordinary Shares into Old Henderson Group CDIs and by holders of Old Henderson Group CDIs to convert their CDIs into Old Henderson Group Ordinary Shares will be 24 October 2008.

Processing of requests by Ordinary Shareholders to convert their New Henderson Group Ordinary Shares into New Henderson Group CDIs and by holders of New Henderson Group CDIs to convert their CDIs into New Henderson Group Ordinary Shares will commence on 3 November 2008.

25. WHAT ARE THE COSTS OF THE PROPOSALS?

The total costs and expenses of, or incidental to, the Proposals are estimated to be approximately £4.5m (exclusive of amounts in respect of VAT).

26. WHAT IF I STILL HAVE QUESTIONS?

If you have read this document and still have any questions, please call the Henderson Group Share Registry on 0800 073 3916 (UK), 1300 137 981 (Australia), 0800 888 017 (New Zealand) or +61 3 9415 4081 (CDI holders from all countries other than Australia and New Zealand).

Note: for legal reasons the Henderson Group Share Registry will only be able to provide practical information and will not provide advice on the merits of any of the Proposals or Admission of the New Henderson Group Ordinary Shares or give any financial or taxation advice. For financial or taxation advice, you will need to consult an independent financial adviser.