

REPORT ON DIRECTORS' REMUNERATION

Introduction

This Report on Directors' Remuneration contains the following information:

- a description of the role of the Company's Remuneration Committee;
- a summary of the remuneration policy of the Group including a statement of the Company's policy on Directors' remuneration;
- details of the terms of the service agreements and the remuneration of each Director for the preceding financial year;
- details of the share options and awards under long-term incentive schemes held by the Directors; and
- details of each Director's interest in ordinary shares of the Company.

Henderson Group plc is a Jersey incorporated company and has no statutory requirement to prepare a Directors' Remuneration Report. Nevertheless, on a voluntary basis, the requirements of the UK Companies Acts and the UK Directors' Remuneration Report Regulations 2002 (Regulations) have been taken into account in preparing this Report. The Report also meets the requirements of the Listing Rules of the UK Listing Authority. In addition, it sets out how the principles of the Combined Code and the ASX Principles (as referred to in the Corporate Responsibility Report) relating to Executive Directors' remuneration are applied by the Group.

A resolution will be put at the AGM on 11 May 2009 inviting shareholders to consider and approve this Report.

Membership and responsibilities of the Remuneration Committee

Role of the Remuneration Committee

The Remuneration Committee reviews and approves, where appropriate, the Group's remuneration and compensation plans, policies and practices. Its duties are to:

- review and recommend to the Board the Company's remuneration protocols and practices, which are performance based and aligned with the Company's vision, values and overall business objectives;
- determine annually the remuneration of the Board Chairman, the Chief Executive and his direct reports, including other Executive Directors;
- approve the terms and conditions of employment and other contractual matters relating to the Group's executive management team; and
- approve the policy and terms of the Group's employee and executive share incentive plans.

The full terms of reference of the Remuneration Committee are available on the Company's website and on request from the Company Secretary.

No Director or member of the Group's executive management team is involved in any decision on their own remuneration.

Membership

The Remuneration Committee consists entirely of independent Non-Executive Directors. During 2008, and as at 25 February 2009, the Remuneration Committee comprised Gerald Aherne (Committee Chairman), Anthony Hotson, Duncan Ferguson and Tim How (who joined the Committee from November 2008).

The Board Chairman and the Chief Executive may attend meetings of the Remuneration Committee at the Remuneration Committee's invitation, save that they may not attend if their own remuneration is under consideration.

Meetings

The Remuneration Committee meets regularly and takes advice on a range of matters, including the scale and composition of the total remuneration package payable in comparable financial institutions to people with similar qualifications, skills and experience.

Internal support is provided to the Remuneration Committee by the Company Secretary and the Managing Director of Human Resources, who are invited to attend and speak at meetings, except when their own remuneration is under consideration.

The Remuneration Committee Chairman and the Chief Executive make recommendations on matters relating to the remuneration of senior executives who report to the Chief Executive. The Board Chairman is additionally consulted in relation to the remuneration of all Executive Directors.

The Remuneration Committee met six times in 2008.

Advisers

During the year, where considered appropriate, the Remuneration Committee took advice on technical aspects of compensation policy from independent external consultants appointed by the Remuneration Committee. These were Towers Perrin, a specialist remuneration consulting firm, which provided advice on executive pay and share plan issues, and Lane Clark & Peacock LLP, which provided advice to the Group on pension issues.

Additional remuneration survey data published by McLagan Partners was also presented to the Remuneration Committee.

None of the above advisers has any connection with the Company other than to provide compensation data and information on remuneration developments.

Policy statement

Reward policy

The Remuneration Committee considers that a successful remuneration policy should be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice and, therefore, the Group's policy is also subject to change.

The Company has established a remuneration framework, which is designed to be market competitive and motivate employees to improve individual and corporate performance, retain key employees and align employee actions with the interests of shareholders.

The Company's remuneration framework is based on a total reward approach designed to deliver top quartile pay for top performance. There are three key components:

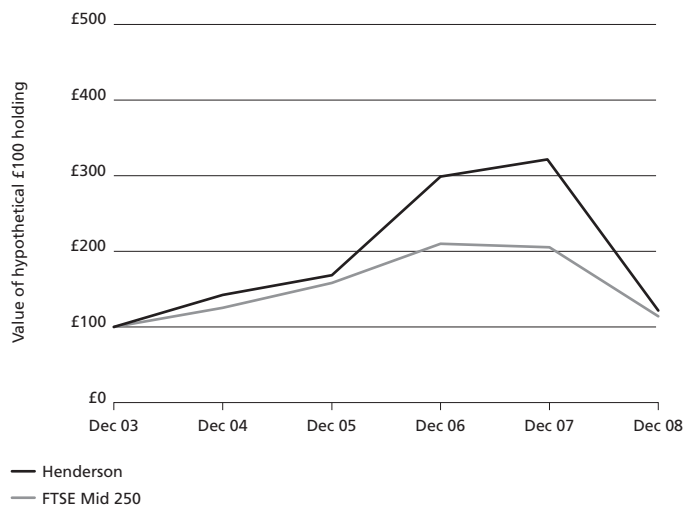
- basic salary – paid within appropriate market range;
- annual bonus – paid under a short-term incentive plan where individuals have the opportunity to receive a bonus based on business and individual performance against targets; and
- long-term incentive – performance based for senior executives and certain professionals such as key senior fund managers.

The Company and Remuneration Committee also considered in detail a letter from the Financial Services Authority in October 2008 on executive pay and remuneration practices.

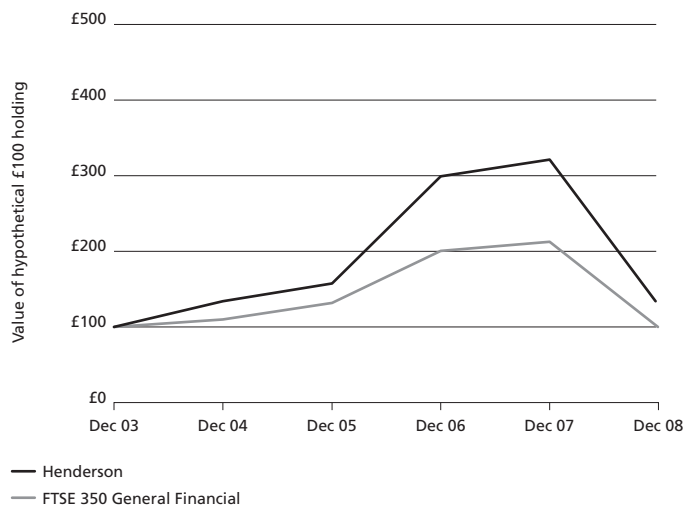
Total Shareholder Return (TSR) performance

The graphs opposite show the Company's share price performance, and compare this against the movement in the FTSE 250 Index and the FTSE 350 General Financial Index. These two indices were selected as the most appropriate indices for the Company. The share price in 2008 ranged from 127.25 pence on 2 January 2008, peaked at 136.75 pence on 2 September 2008 and closed at 58.25 pence on 31 December 2008.

Historical TSR performance
Growth in the value of a hypothetical £100 holding since December 2003
FTSE Mid 250 comparison based on 30 trading day average values



Historical TSR performance
Growth in the value of a hypothetical £100 holding since December 2003
FTSE 350 General Financial Index comparison based on 30 trading day average values



Source: Graphs provided by Towers Perrin and calculated according to a methodology that is compliant with the Regulations.
 Data sources: FTSE and Datastream

Executive Directors' Remuneration: individual elements

Overall structure

Executive Directors' remuneration comprises:

- basic salary;
- annual bonus;
- pension benefits;
- benefits in kind; and
- the opportunity to participate in certain Group-wide incentive schemes, such as the Long-Term Incentive Plan (LTIP), the Restricted Share Plan (RSP), the Sharesave scheme (SAYE) and the Buy As You Earn Share Plan (BAYE).

The LTIP and the annual bonus are performance related and the Remuneration Committee regards them as key elements in the Executive Directors' remuneration packages. The SAYE is available to all employees and is not performance related. As set out in the UK Listing Particulars, awards to Executive Directors under the RSP can be made and may be subject to performance conditions.

Performance linkage

Each element of the Executive Directors' reward package supports the achievement of key business measures as illustrated in the table below:

Element	Structure	Purpose	Performance measure
Basic salary	Fixed	Reflects the competitive market rate for the job, the individual's contribution and prior contractual arrangements	Experience and qualifications
Annual bonus	Variable	Rewards the delivery of operational goals and financial targets	Return on equity, pre-tax operating profit, cost ratios, net fund flows and investment performance
Long-term incentive	Variable	Supports superior business performance in relation to competitor companies and aligns executives' with shareholders' interests	Relative TSR

The Remuneration Committee intends that, for target levels of performance, at least 60% of total compensation (excluding pension) should be performance related. The expected value of awards made under the LTIP was calculated by the Group's adviser, Towers Perrin, using a proprietary methodology. Its methodology considers TSR rank at which payment begins, the payment level at this threshold, the maximum payment under the plan and the rank at which this maximum is achieved. The methodology also takes into account the correlation of the Company's stock with those companies in the peer group, starting from the premise that the value of the shares awarded at the end of the performance period is correlated with the TSR ranking. The Remuneration Committee is satisfied that the overall structure constitutes a well-considered set of arrangements for Executive Directors' remuneration. It is kept under review to take account of changing circumstances and was also reviewed by the Board in 2007. Some changes to the LTIP (outlined on page 24) were made in 2008 to ensure the plan continues to reward superior performance. Incentive payments are not taken into account for pension purposes.

Report on Directors' Remuneration (continued)
Executive Directors' Remuneration: individual elements (continued)

Basic salary

Salaries are reviewed annually for each Executive Director. In 2008, the salaries of the Chief Executive and the Chief Financial Officer remained unchanged at £350,000 per annum and £300,000 per annum respectively. Roger Yates resigned as Chief Executive on 5 November 2008 and was replaced by Andrew Formica on the same basic salary.

Roger Yates is also a Non-Executive and Senior Independent Director of IG Group Holdings plc and he retained the fees of £35,000 per annum paid by IG Group Holdings plc for this purpose.

Annual bonus

At the discretion of the Remuneration Committee, each Executive Director may receive a cash bonus subject to the achievement of performance targets established by the Remuneration Committee. Payment of bonuses (if any) will be made to the relevant Executive Director annually, in February, conditional upon achievement of the performance targets in the preceding calendar year, though the Remuneration Committee has the flexibility to take into account other factors in determining any bonus. The bonus range is zero to a specified maximum, with target being the midpoint. The maximum bonus entitlement is based on a percentage of annual basic salary. The maximum entitlements for 2008 performance are 600% of salary for the Chief Executive (2007: 600%) and 200% of salary for the Chief Financial Officer (2007: 200%). Roger Yates was not entitled to a bonus for 2008.

For each Executive Director, the corporate performance targets relate to Company performance measures as set out in the Performance linkage section above. The Group performance measures in 2008 were return on equity, pre-tax operating profit, cost ratios, net fund flows and investment performance. Approximately 70% of the weighting of these variables relates to return on equity, pre-tax operating profit and the cost to income ratio. The Remuneration Committee and the Board review the performance of each Executive Director on an annual basis against these targets. In addition, the Committee reviewed the guidance from the FSA in its letter on executive pay practices and has determined that annual bonuses for Executive Directors will be subject to a partial deferral over two years consistent with certain other Henderson Group employees.

Long-term incentives

Under the LTIP, the Remuneration Committee may make awards to Executive Directors up to a maximum number of ordinary shares determined by the Remuneration Committee at the date of grant. Vesting of awards is conditional on the achievement of a performance target measured over a three-year period and the Executive Director's continued employment during the performance period. The primary performance measure is TSR and the Remuneration Committee must be satisfied that the Company's TSR performance reasonably reflects its underlying financial performance over the performance period.

The Company made awards under the LTIP to Roger Yates and the Chief Financial Officer in March 2008. The aggregate market value of the ordinary shares capable of being acquired under these awards was equivalent to 358% of salary in the case of Roger Yates and 146% of salary in the case of the Chief Financial Officer.

The Remuneration Committee will consider awards under the LTIP to the Executive Directors in 2009.

Changes in 2008 to vesting criteria of the LTIP

In line with good practice, the Remuneration Committee reviews the Directors' remuneration arrangements, particularly the incentive arrangements, from time to time. In late 2007, a formal review of the LTIP arrangements was undertaken with external independent consultants. The outcome of this review was that the structure and amount of the LTIP capable of being awarded were unchanged.

However, the Remuneration Committee has decided that the calculation determining the extent to which an award can vest would change in 2008.

Previously, the proportion of the LTIP awards that would vest when determined by reference to the growth in the Company's TSR over a three-year period was compared to that achieved over the same period by the companies in the FTSE 250 Index at the same start date. The Remuneration Committee felt that a better measure of outperformance would be the Company's TSR ranking within a comparator group, and the Remuneration Committee selected the companies within the FTSE 350 General Financial Index (approximately 38 companies including all UK listed fund managers) for this purpose. The performance period for awards would remain at three years and previous LTIP awards were not changed to the new basis. The previous requirement that the Remuneration Committee must be satisfied that the Company's TSR performance reasonably reflects its underlying financial performance over the performance period was also maintained.

Additionally, the Remuneration Committee determined that for future awards from 2008, 25% of the award would vest at median performance (previously 35%), with full vesting occurring at upper quartile (no change). Also, the leaver provisions were amended: for any approved leavers a pro rata award, based on the indicative vesting at leaving date, will now be received at the end of the LTIP period instead of receiving it at the date of leaving.

2008 LTIP award

The proportion of the 2008 LTIP awards that will vest will be determined by reference to the growth in the Company's TSR ranking in the FTSE 350 General Financial Index over the three-year period commencing 1 January 2008, compared to that achieved over the same period by the companies in the FTSE at the same start date. If the Company's TSR performance is below the 50th percentile, none of the shares awarded will vest. If the Company's TSR performance is at the 50th percentile, 25% of the shares awarded will vest and if it is at or above the 75th percentile, 100% of the shares awarded will vest. Vesting between these latter two points will be calculated on a straight-line basis.

2007 LTIP award

The awards made in 2007 continue to be held, subject to the 'old' TSR performance condition, until the end of 2009.

2006 LTIP award

The TSR performance condition for this award at the end of 2008 was determined by the satisfaction of the TSR performance conditions over the prior three calendar years and resulted in 93% of the shares in the award being capable of exercise. The award will vest in March 2009.

2005 LTIP award

2005 LTIP awards vested in March 2008. The amount that vested was determined by the satisfaction of the TSR performance condition over the prior three calendar years, which resulted in 100% of the shares in the award being capable of exercise.

Shareholding requirement

The Remuneration Committee has also determined that, over time, each Executive Director should be required to maintain a target shareholding of ordinary shares in the Company, equivalent to 100% of base salary, in order to align the interests of Executive Directors more closely with those of shareholders. This is expected to be attained mainly through vesting of awards under the LTIP and was achieved as at 31 December 2008 by Andrew Formica and Toby Hiscock.

All-employee share schemes

The Sharesave scheme (SAYE), a savings related share option scheme, is available to all employees. It operates within specific UK tax legislation (including a requirement to finance exercise of the option using the proceeds of a monthly savings contract) and exercise of the option is not subject to satisfaction of a performance target since this is an all-employee scheme. Executive Directors are eligible to participate in the Company's all-employee SAYE on the same terms as other employees.

The Buy As You Earn Share Plan (BAYE) is an all-employee scheme that operates within specific UK tax legislation and was established following shareholder approval at the 2004 AGM. The BAYE represents a further opportunity for employees to increase their share ownership in the Company, which is an important tool in attracting and retaining staff in the asset management industry. The BAYE enables participants to acquire ordinary shares out of deductions from gross salary, for which the Company provides 2:1 matching shares. The BAYE also allows for limited annual awards of free shares up to HM Revenue & Customs (HMRC) (UK tax authority) limits. Executive Directors are eligible to participate in the BAYE.

The Employee Share Ownership Plan (ESOP) provides an opportunity for employees to further increase their ownership in the Company. Employees are able to purchase Company shares up to a set limit through the Deferred Equity Plan (DEP) and, subject to continued employment over a specified period, the Company provides one further matching share for each share purchased. Executive Directors are not eligible to participate in the ESOP.

All Company share awards are made through on market purchases except for the SAYE and an element of the BAYE, which are satisfied by issuing shares. The current dilution of such plans amounts to 1.5% of issued share capital. Awards to Executive Directors are satisfied by on market purchases.

Pensions

Retirement benefits are designed to be both market and cost effective. Old Henderson Group plc is the sponsoring employer of the Henderson Group Pension Scheme (Pension Scheme), which has both a defined benefit section (closed to new members) and a defined contribution section. As a result of the statutory cap on earnings, Old Henderson Group plc also has unapproved pension arrangements, which apply to certain current and former Group employees. In addition, the Group has pension arrangements in place for its non UK-based employees, which are in line with market conditions overseas. In the UK, the Company replaced the statutory earnings cap abolished on 6 April 2006 by the Finance Act 2004 with an internal scheme earnings cap, which is broadly the same as the previous statutory figure adjusted for inflation.

Roger Yates and the Chief Financial Officer participate in non-contributory sections of the Pension Scheme providing Pension Scheme benefits on a defined benefit basis.

Roger Yates was entitled to a pension accruing at 1/30th of uncapped pensionable salary for each year of pensionable service. The Pension Scheme provided Roger Yates with a pension of 1/30th of pensionable salary below the Pension Scheme earnings cap (2008/9: £116,904) for each year of pensionable service, with the balance provided by participation in an unfunded unapproved retirement benefits scheme. In addition, Roger Yates received a contribution of £175,000 in 2008 towards a self invested personal pension. Whilst he was a Director, the investment holdings were required to be in products of Henderson Global Investors.

Andrew Formica will continue as a member of the defined contribution section of the Pension Scheme on the same basis as other employees. He will receive a Company contribution, currently 10.5% of basic salary, into the pension plan limited by the operation of the scheme earnings cap.

The Chief Financial Officer is entitled to a pension accruing at 1/45th of pensionable salary up to the Pension Scheme earnings cap for each year of pensionable service under the Pension Scheme. Since 23 December 2003, the Chief Financial Officer has participated in an unfunded unapproved pension arrangement to provide benefits in respect of his pensionable earnings above the Pension Scheme earnings cap.

The defined benefit section was closed to new members in 1999, but with effect from 2007 any growth in existing members' salary is restricted for pension purposes to the lower of inflation or 2.5% per annum. In addition, for service accrued from 2007, increases to pensions in payment are also restricted to the lower of inflation or 2.5% per annum.

The defined contribution section was created in 1999 and allows, for some staff, an element of annual bonuses to be considered pensionable. This will be phased out in 2009 so that only basic salary will be pensionable.

In 2007, the Company introduced a Self Invested Personal Pension (SIPP) that allows UK employees to make voluntary contributions into a wider range of funds and also the ability to transfer in Company shares from maturing share plans in a tax effective manner. The Company runs a number of pension planning seminars to encourage employees to save more for their future. It rebates some of the national insurance savings to employees' SIPP accounts. Although Roger Yates did have a SIPP, it was outside the Group SIPP and, therefore, did not qualify for any additional Company contribution. Neither Andrew Formica (Chief Executive) nor Toby Hiscock (Chief Financial Officer) made contributions to the Group SIPP in 2008 that qualified for any rebate.

Benefits and benefits in kind

The Executive Directors are contractually entitled to a lump-sum life assurance benefit of four times salary, permanent health insurance and medical insurance. The Chief Financial Officer is entitled to a car allowance of £11,000 per annum.

The Executive Directors also benefit from indemnity arrangements in respect of their services as Directors, and Directors' and Officers' liability insurance, under separate Deeds of Indemnity.

Contracts and termination provisions

The Company's policy is to employ Executive Directors on annual rolling contracts although, in exceptional circumstances on recruitment, longer initial terms may be approved by the Remuneration Committee. To date, it has not exercised this power, including in respect of the appointment of Andrew Formica. The Remuneration Committee will, consistent with the best interests of the Company, seek to minimise termination payments.

The Executive Directors have service agreements terminable on not less than 12 months' written notice by the Company or on not less than six months' written notice by the relevant Executive Director.

The service agreements allow the Company to suspend the Executive Directors from their duties at any time after notice has been given by either party provided they continue to receive full pay. Under certain circumstances (such as serious misconduct), the Company may terminate employment immediately with no liability to make any further payment (other than amounts accrued to the date of termination).

There are no other provisions for compensation payable on early termination in the above agreements. In relation to their participation in incentive related pay, Executive Directors are subject to the LTIP rules in the same manner as other participants. In the case of Roger Yates, following his resignation as Chief Executive, he may receive a pro rated award based upon service within the plans up to his date of leaving and the achievement of the performance hurdles at the maturity of each plan.

Chairman and other Non-Executive Directors

The remuneration of the Board Chairman is determined by the Chairman of the Remuneration Committee and the other Non-Executive Directors and, for other Non-Executive Directors, is determined by the Chairman and the Executive Directors, both on the basis of external independent advice. The Board Chairman and other Non-Executive Directors serve the Company under letters of appointment that are terminable by the Company on one month's notice without liability for compensation; they do not have service agreements. It is the Company's policy that the Board Chairman and other Non-Executive Directors do not participate in any of the Group's bonus, incentive or pension schemes, nor are they entitled to any retirement benefits. Under their respective letters of appointment:

- the annual fee payable to each Non-Executive Director (other than the Board Chairman and the Audit and Remuneration Committee Chairmen) is £40,000;
- Rupert Pennant-Rea is Non-Executive Chairman of the Company. His fees are £150,000 per annum (inclusive of all other fees as a Director or Officer); he is also entitled to a fee of £1,000 per annum for travel expenses;
- John Roques is entitled to additional fees of £15,000 per annum as Chairman of the Audit Committee and £5,000 per annum as Senior Independent Director; and
- Gerald Aherne is entitled to additional fees of £15,000 per annum as Chairman of the Remuneration Committee.

The fees were unchanged in 2007 and 2008. A review of fees using independent advisers took place in 2007. The Chairman, together with the Executive Directors, determined that the basic fees paid to other Non-Executive Directors would rise by £5,000 to £45,000 per annum. The increase was deferred for a year and became effective on 1 January 2009. Additional fees for the Audit and Remuneration Committee Chairmen and the Senior Independent Director remain unchanged, but will be reviewed in 2009.

The Chairman of the Remuneration Committee and the other Non-Executive Directors (excluding the Chairman) also reviewed the fees payable to the Board Chairman and determined that they would rise from £150,000 to £170,000 per annum. The increase was also deferred in 2008 and became effective on 1 January 2009 and the separate travel expenses fee has ceased. Subsequently, it was agreed that the increases in fees to the Board Chairman and other Non-Executive Directors would be in the form of Company shares. These shares will be purchased on-market on an annual basis.

The following tables provide greater detail in respect of each of the Directors' emoluments, pension entitlements and share interests, which have been audited by the Company's auditors.

Directors' emoluments in 2008

The emoluments (cash payments and benefits in kind, but not including any pension) of the Directors of the Company in respect of the period for which they were in office in the relevant year, including their remuneration in respect of subsidiary undertakings, comprised:

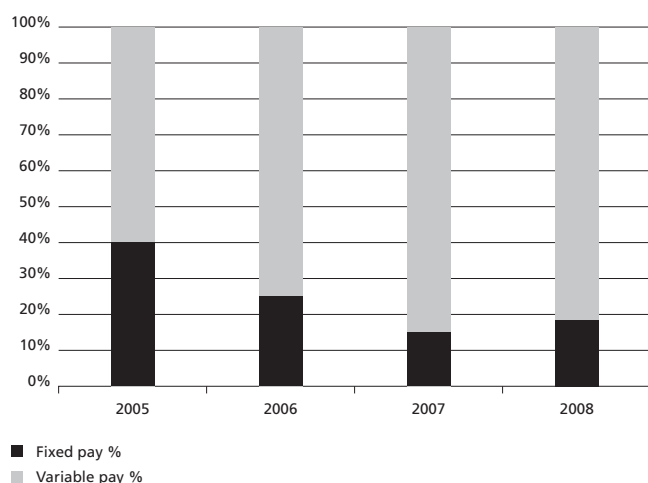
	Salary and fees £'000	Benefits in kind £'000	Annual cash bonus £'000	Current employment arrangement £'000	Share plan vesting £'000	Other £'000	2008 total £'000	2007 total £'000
Chairman								
R.L. Pennant-Rea (Chairman and Non-Executive Director)	151	–	–	151	–	–	151	152
Executive Directors								
R.P. Yates (Chief Executive) to 5/11/08	324	50	–	374	2,385	161	2,920	3,959
A.J. Formica (Chief Executive) from 5/11/08	55	–	–	55	–	2	57	–
N.T. Hiscock (Chief Financial Officer)	311	3	300	614	834	0	1,448	1,415
Non-Executive Directors								
A.C. Hotson	40	–	–	40	–	–	40	40
D.J.S. Roques	60	–	–	60	–	–	60	60
D.G.R. Ferguson	40	–	–	40	–	–	40	40
G.P. Aherne	55	–	–	55	–	–	55	55
T.F. How from 28/11/08	7	–	–	7	–	–	7	0
Total	1,043	53	300	1,396	3,219	163	4,778	5,721

Notes

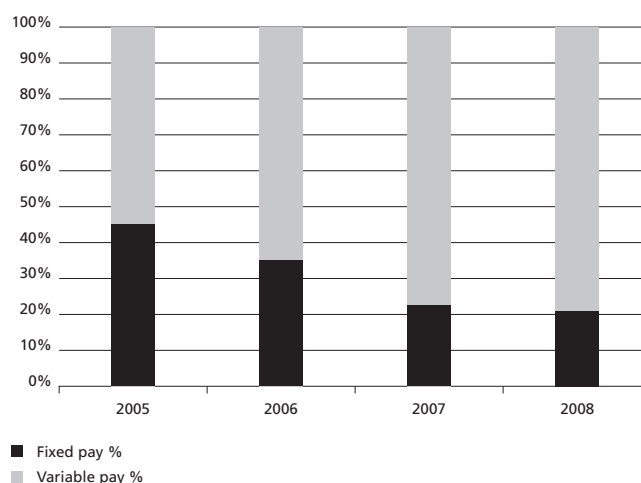
1. There were no amounts paid to the Executive Directors in respect of their qualifying services by way of expenses allowance that was chargeable to UK income tax. Emoluments of all Directors are stated with effect from 1 January 2008 or from date of appointment.
2. The non-cash elements of the Executive Directors' remuneration packages (disclosed in the table above as benefits in kind) consist of the provision of life assurance and private medical insurance.
3. The payment under Other in the table above relates to a rebate of hedge fund commission charges, contribution towards a self invested personal pension and expenses.
4. The Chief Financial Officer received a RSP award in respect of his performance in 2007 of 52,881 Company shares that, subject to employment conditions, will vest in June 2011.
5. Andrew Formica did not receive any bonus relating to his service as Chief Executive.

The graphs below illustrate the fixed and variable elements of the Executive Directors' emoluments in recent years. Note, the 2008 emoluments for the Chief Executive (Roger Yates) cover the period from 1 January to 5 November 2008 and for the Chief Financial Officer the period from 1 January 2008 to 31 December 2008.

Total emoluments – Chief Executive



Total emoluments – Chief Financial Officer



Long-term incentives

Pensions

In accordance with the Regulations, the tables below show the Company's and members' contributions, the increase in accrued entitlement during the year and the accrued entitlement at the end of the year.

Directors' pension entitlements

The following table gives details of the accrued pension benefit at 31 December 2008 for Directors who participated in the defined benefit section of the Pension Scheme during the year to 31 December 2008. The final column represents the Company's funding obligations for 2008.

	Service at 31 Dec 2008	Accrued benefit at 31 Dec 2008 £000	Additional pension earning during year to 31 Dec 2008 £000	Transfer value of accrued benefit at 31 Dec 2008 (A) £000	Transfer value of accrued benefit at 31 Dec 2007 (B) £000	The amount of (A) – (B) less contributions made by Directors during 2008 £000
R.P. Yates (Chief Executive)	9 years 3 months	189	10	2,782	2,168	614
N.T. Hiscock (Chief Financial Officer)	16 years 8 months	64	8	974	660	314
Total		253	18	3,756	2,828	928

In line with disclosures required under the Listing Rules of the UK Listing Authority, the increase in the accrued pension during the year above inflation for Roger Yates (Chief Executive) and Toby Hiscock (Chief Financial Officer) was £5,580 and £3,827 respectively. The increase in the transfer value of the accrued benefit in excess of inflation for Roger Yates (Chief Executive) and Toby Hiscock (Chief Financial Officer) was £53,719 and £72,462 respectively.

The requirements for the calculation of transfer values in defined benefit scheme changes as at 1 October 2008, are set out in The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/1050) and The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 SI 2008/2450. The transfer values at 31 December 2008 have been calculated on the revised basis as agreed by the trustee of the Henderson Group Pension Scheme.

Andrew Formica (Chief Executive) is a member of the defined contribution section. The contribution made by the Company to his Money Purchase account for his role as Chief Executive is shown below:

	Service at 31 Dec 2008	Contribution for period to 31 Dec 2008 £000
A.J. Formica (Chief Executive)	15 years 10 months	2

Report on Directors' Remuneration (continued)
Chairman and other Non-Executive Directors (continued)

Directors' share interests

At 25 February 2009, 31 December 2008 and 31 December 2007, the Directors had the following beneficial interests in shares in the Company. Roger Yates' figures reflect his holding as at 31 December 2007 and 5 November 2008. Andrew Formica's figures reflect his holding at date of appointment, 5 November 2008, and holding at 31 December 2008 and 25 February 2009. Tim How's figures reflect his holding at date of appointment, 28 November 2008, at 31 December 2008 and at 25 February 2009.

	25 Feb 2009 no. 12.5p shares	31 Dec 2008 (or date of resignation) no. 12.5p shares	31 Dec 2007 (or date of appointment) no. 12.5p shares
Chairman			
R.L. Pennant-Rea	29,952	29,952	29,952
Executive Directors			
R.P. Yates (Chief Executive)	n/a	955,163	1,260,253
A.J. Formica (Chief Executive)	1,574,780	1,574,780	1,574,780
N.T. Hiscock (Chief Financial Officer)	763,225	763,225	257,595
Non-Executive Directors			
A.C. Hotson	13,416	13,416	13,416
D.J.S. Roques	27,488	27,488	27,488
D.G.R. Ferguson	7,488	7,488	7,488
G.P. Aherne	1,000	1,000	–
T.F. How	–	–	–
Total	2,417,349	3,372,512	3,170,972

Note

- Beneficial interests in the table above represent shares held by a Director, either directly or through a nominee, and any holdings of their spouse and children under 18. They do not include any awards held in the SAYE, LTIP or RSP.

Directors' interests in share awards

The following table shows the Executive Directors' interests in the SAYE, LTIP, BAYE, DEP and RSP:

	Interests at 31 Dec 2007			Awards made, vested or lapsed during 2008						Interests at 31 Dec 2008				
	SAYE no.	Maximum LTIP award no.	Target LTIP award no.	SAYE lapsed no.	SAYE awarded no.	LTIP vested no.	Maximum LTIP award no.	Target LTIP award no.	RSP awarded no.	SAYE no.	BAYE no.	DEP/ ESOP no.	RSP no.	Maximum LTIP award no.
R.P. Yates Up to 5/11/08 (Chief Executive)	7,797	5,337,000	2,236,203	7,797	12,500	2,449,000	1,070,000	448,330	–	–	–	–	–	
A.J. Formica From 5/11/08 (Chief Executive)	–	–	–	–	–	–	–	–	–	12,500	25,170	1,780,767	3,684,207	592,500
N.T. Hiscock (Chief Financial Officer)	7,797	1,868,500	782,902	–	–	857,000	375,000	157,125	52,881	7,797	–	–	52,881	1,386,500
Total	15,594	7,205,500	3,019,105	7,797	12,500	3,306,000	1,445,000	605,455	52,881	20,297	25,170	1,780,767	3,737,088	1,979,000

Notes

- Under the SAYE, after 36 monthly contributions of up to £250, SAYE participants may exercise their options to acquire Henderson Group plc shares at a pre-defined issue price set at a 20% discount to the closing mid-market value on a pre-defined date. There was no SAYE in 2005. Although a SAYE was offered to all employees in 2006, the Executive Directors were ineligible to participate, already having the maximum monthly savings allowed by HMRC under the 2004 SAYE. As the 2004 SAYE vested in April 2007, each Executive Director was able to join the 2007 SAYE for which the discounted price was 121.2 pence per share but Roger Yates and Andrew Formica allowed this to lapse and joined the 2008 SAYE.
- Maximum LTIP award – this is the number of shares initially awarded. The number of shares awarded is based on the three-month average market value of the shares prior to the date of award. The number of shares awarded in 2006 was based on the three-month average market value of the shares prior to the date of award, 2 March 2006, this being 82.5 pence per share. The number of shares awarded in 2007 was based on the three-month average market value of the shares prior to the date of award, 2 March 2007, this being 140.2 pence per share. The number of shares awarded in 2008 was based on the three-month average market value of the shares prior to the date of award, 27 February 2008, this being 117.0 pence per share.
- The vested LTIP relates to the 2005 award. On exercise, awards were satisfied by the transfer to participants of shares purchased on market by the LTIP trustee.
- Target LTIP award – this number reflects the number of shares that would vest on the vesting date, based on an expected level of achievement (41.9%) of the TSR performance target at the time of award.
- The 52 week high and low share price in 2008 was 136.75 pence per share and 50.00 pence per share respectively. At 31 December 2008, the share price was 58.25 pence per share.
- The lapsed SAYE relates to the 2007 scheme where eligible employees could elect to opt out of the 2007 and participate in the 2008 SAYE.

Additional Remuneration Information

Disclosure of non-Director executive remuneration is not required either by laws that apply to the Company or by UK corporate governance or best practice guidelines, nor is it market practice in the UK for this information to be disclosed. The ASX Principles encourage companies that are not subject to the *Australian Corporations Act 2001* to make certain disclosures about the remuneration of the five highest paid non-Director executives in accordance with section 300A of that Act. Details of the remuneration of each individual and the value of the component parts of their remuneration have not been disclosed. The Company considers this information to be commercially sensitive. However, generic disclosures are given as follows.

The five highest paid non-Director executives during 2008 were:

Name	Position
James Darkins	Managing Director, Property
Andrew Formica (up to 5/11/08)	Managing Director, Listed Assets, and Head of Equities
Shirley Garrood	Chief Operating Officer
Roger Greville	Managing Director, Private Equity
David Jacob	Managing Director, Listed Assets and Chief Investment Officer

The aggregate annual remuneration of the executives listed above was £8,727,000, made up of the following:

- basic salary;
- discretionary annual bonus, which is dependent on stipulated Group, divisional and individual performance measures;
- discretionary performance fee or transaction fee awards in 2008;
- Group non-contributory (i.e. the employee does not contribute and the Group bears all the costs) pension plan in the defined contribution section of the plan;
- other benefits including private medical insurance, car allowance, season ticket loans and life assurance and free shares under the BAYE; and
- vesting of discretionary share plan awards, refund of commission charges on mandatory deferral into hedge funds and cash payment of BAYE dividend awards that exceeded the HMRC annual dividend limit.

In March 2008, the Remuneration Committee made awards to non-Director executives under the LTIP as described on page 24. In 2008, the aggregate market value of the ordinary shares (averaged over the three-month period immediately prior to the date of grant) capable of being acquired by any non-Director executives under these awards was a maximum of 125% of salary, depending on the role and responsibilities of the relevant executive. The vesting criteria set out on page 24 will apply to these awards. The executives were awarded a total of 875,000 shares under the LTIP in March 2008, the vesting of which is described in the long-term incentives section of the Report on Directors' Remuneration on page 24. Non-Director executives are entitled to participate in the SAYE and BAYE as described on page 25.

Non-Director executives may also be invited to participate in the DEP under which participants receive part of their annual bonus, principally since 2004, in the form of the Company's shares or, exceptionally, an interest in an investment fund at the end of a specified restricted period, subject to the executive continuing to be employed by the Group. The restricted period will normally be one to three years, but cannot be less than one year or more than five years. The investment fund will be units in a UK authorised unit trust, ordinary shares in an investment trust company, shares in the capital of an Open-Ended Investment Company or shares in the capital of a SICAV (in all cases, the assets of which are managed by a company in the Group).

The structure of the remuneration packages for non-Director executives is designed to support the achievement of the same key measures as for Executive Directors (as set out on page 24), and to ensure that executive pay complies with the Board's remuneration policy (as described on pages 22 to 25).

Signed on behalf of the Board



Gerald Aherne
Chairman of the Remuneration Committee
25 February 2009