

### Combined Code and ASX Principles

The Directors support and are subject to the high standards of corporate governance contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 (Combined Code) and the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council in August 2007 (ASX Principles). Compliance with the new UK Corporate Governance Code, published in June 2010, and with the ASX Principles including 2010 amendments, which apply from the financial year commencing on 1 January 2011, will be disclosed in the 2011 Annual Report and Accounts. Copies of the Combined Code and the ASX Principles can be found on the websites of their respective organisations at [www.frc.org.uk](http://www.frc.org.uk) and [www.asx.com.au](http://www.asx.com.au). Copies of the Company's corporate governance policies can be found at [www.henderson.com](http://www.henderson.com) (the Group's website).

The Company complied with the Combined Code and the ASX Principles in 2010. This Statement, together with the Report on Directors' Remuneration, describes how the Company applied the 'main principles' set out in section 1 of the Combined Code and complied with the ASX Principles. Further details are in the corporate governance section on the Group's website. The ASX Principles also encourage companies that are not subject to the Australian Corporations Act 2001 to adopt practices and make disclosures to achieve the aims of the provisions contained in certain sections of that Act. The Company achieved the aims of those provisions, although not fully in respect of senior executives' remuneration (refer to the generic disclosures on senior executive remuneration on page 42).

### The Board's structure

The Board comprises the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer and four other Non-Executive Directors. Tim How was appointed as the Senior Independent Director on 1 January 2010. Biographical details of the Directors are set out on pages 22 and 23.

Although the Chairman, Rupert Pennant-Rea, met the independence criteria on appointment, the Combined Code provides that the test of independence is not appropriate thereafter. The Board considers all the other Non-Executive Directors – Gerald Aherne, Duncan Ferguson, Tim How and Robert Jeens – to be independent, as they do not have any interest or business or other relationship which could, or could reasonably be perceived to, interfere materially with their ability to act in the best interests of the Company. The Board has considered the criteria proposed by the Combined Code and the ASX Principles in assessing the independence of the Directors. Materiality, as referred to in the ASX Principles, has been assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. The independent Directors meet the quantitative materiality threshold for independence that no Director has a relationship with the Group which generates or accounts for more than 5% of the Group's revenue or expenses. Accordingly, the Board has a majority of Directors who are independent.

There is a division of responsibility between the Chairman, who is responsible for the effective operation of the Board, and the Chief Executive who is responsible to the Board for the overall management and performance of the Group. The Chairman's other significant commitments, and any changes to them during 2010, are shown in the Board of Directors section on page 22.

Non-Executive Directors are initially appointed for a fixed term, normally of three years, and any subsequent terms are considered by the Nomination Committee. The remuneration of the Non-Executive Directors is shown on pages 38 and 39. The terms and conditions of their appointment are on the Group's website, as is the process for their appointment and reappointment.

At the Company's AGM held on 11 May 2010, shareholders reappointed Gerald Aherne, Duncan Ferguson, Shirley Garrood and Robert Jeens as Directors. The Company's next AGM is due to take place on 4 May 2011 when all Directors will be seeking reappointment in accordance with the recommendations of the new UK Corporate Governance Code.

### Evaluation of the Board's performance

The Board reviews, on an annual basis, whether the evaluation of Board performance should be conducted using an external facilitator. The Board decided that, for 2010, there was greater value conducting the process internally. However, the Board anticipates that an external evaluation will be undertaken in 2011.

The Directors conducted a formal evaluation, between August and December 2010, of the performance of the Board, Board Committees and individual Directors (including the Chairman).

The evaluation exercise of the Board and Board Committees involved Directors completing a questionnaire about Board composition, Board process, Group strategy and interaction with shareholders; a similar approach was followed for each Committee. The results of the evaluation were collated and presented to the Board, which included a small number of non-material enhancements to the Board process.

To evaluate individual Directors, the Chairman held a formal evaluation meeting with each Non-Executive Director and the Chief Executive and Chief Financial Officer, taking into account the views of the Directors who had all completed a questionnaire about the skills and experience of the members of the Board. The Chairman's performance evaluation was led by Tim How, the Senior Independent Director. For this, the Directors completed a questionnaire which focused on the Chairman's performance and the Chairman also conducted a self-evaluation which was shared with the Senior Independent Director. After taking account of the results of these questionnaires, the Senior Independent Director met with the Non-Executive Directors (excluding the Chairman) and evaluated the Chairman's performance. He then met with the Chairman to discuss the outcome of the evaluation.

The performance of Andrew Formica, Chief Executive, was evaluated by the Chairman and the Remuneration Committee. The evaluation of the members of the SMT was undertaken by the Chief Executive and the Remuneration Committee. The performance evaluations were conducted in accordance with the process as disclosed on the Group's website.

The outcome of the evaluations was that the Directors concluded that the Board and its Committees operate effectively and that each Director contributes to the overall success of the Group.

To ensure that the Directors continually update their skills and knowledge of the Company and Group, all Directors receive regular presentations on different aspects of the Group's business and on financial, legal and regulatory matters. For example, during 2010, the Directors received presentations on various business matters, including the new FSA Remuneration Code 2010, domestic and regulatory developments, absolute return funds and the Group's approach to information technology.

### Operation of the Board

The Board of the Company met 14 times in 2010, of which eight were scheduled meetings. All of the Board meetings and Audit, Nomination, Remuneration and Risk Committee meetings of the Company took place in Dublin with the exception of one set of meetings which took place in Singapore. Attendance by each of the Directors at Board meetings during 2010 is set out in Table 1 below.

The Board is scheduled to meet seven times in 2011. Additional meetings will be held as required, or at the request of a Director. During 2010, the Non-Executive Directors also met the Chairman

without the Executive Directors being present and this will continue in 2011.

The Board is responsible for making all key strategic, management and commercial decisions. During 2010, the matters considered by the Board included:

- discussion and approval of business strategy;
- annual budget and five year forecast;
- half year and full year financial report and accounts;
- dividends;
- interim management statements;
- trading updates;
- monthly performance reports;
- review of a report provided by the FSA and the implementation of follow up actions;
- review of corporate governance arrangements;
- establishment of a Risk Committee;
- review and approval of the Risk Appetite Statement;
- review and approval of the Internal Capital Adequacy Assessment Process (ICAAP);
- regular reports on treating customers fairly;
- review of advisers;
- review of investment performance;
- review of delegated authorities; and
- all significant capital projects, investments and disposals.

A schedule of matters reserved for approval by the Board is reviewed annually and is also on the Group's website. The Chief Executive and the SMT are responsible for developing business strategy and, once approved by the Board, for ensuring that the strategy is implemented in accordance with the approved operating plan and compliant with internal controls. The Board has granted specific delegated authorities (with financial limits approved by the Board) to the Chief Executive, the Chief Financial Officer and other senior executives in respect of financial, accounting, treasury, regulatory and other matters relating to the Group's business.

To enable the Directors to perform their role effectively, they are given the means and information necessary for them to make informed decisions and to follow best corporate governance practice. At each of its meetings, the Board receives detailed reports on the various aspects of the business and of any major issues affecting it.

The Board has approved the Company's corporate governance policies. These include an overview of the Company's corporate governance procedures, a policy on trading in the shares of the Company by Directors and employees and a code of conduct. The Company has a Market Disclosure and Communication Policy designed to ensure compliance with the Company's relevant disclosure obligations and has a Chief Disclosure Officer who oversees this. During 2010, the Board adopted a diversity policy

which is available on the Group's website. Together, these corporate governance policies set a framework within which the Directors and other employees are expected to protect the interests of shareholders, clients, employees and suppliers. These policies were reviewed and updated in 2010 as were other corporate governance documents, all of which are on the Group's website.

All Directors have access to the advice and services of both the Company Secretary and the General Counsel. The Company Secretary can be appointed or removed only with the approval of the Board. The Directors are entitled to seek independent professional advice, at the Company's expense, where they judge it necessary to discharge their responsibilities as Directors.

### Board Committees

The Board has delegated specific responsibilities to four standing Committees of the Board. The membership of the Board Committees and a summary of their main duties and terms of reference are set out below. Their full terms of reference are on the Group's website.

### Audit Committee

Robert Jeens is the Chairman of the Audit Committee, having succeeded former Director John Roques, the previous Audit Committee Chairman, on 1 January 2010. The other members are Gerald Aherne, Duncan Ferguson and Tim How. All members of the Committee are independent and have "recent and relevant financial experience" and "financial expertise" as recommended by the Combined Code and the ASX Principles respectively. Robert Jeens has competence in accounting and auditing as required by the Disclosure and Transparency Rules. The details of the qualifications of the Committee members are set out on pages 22 and 23. The Audit Committee met six times in 2010, all of which were scheduled meetings. Attendance by each of the members during 2010 is set out in Table 2 below.

The Audit Committee is responsible for making recommendations to the Board on such matters as the appointment of the external auditors and their terms of engagement and for reviewing the performance, independence and objectivity of the external auditors.

The Audit Committee is also responsible for assessing the effectiveness of the Group's internal control framework and the Internal Audit function, which is subject to an external review every three to five years; such a review was undertaken in November 2010. The Audit Committee reviews the Annual Report and Accounts and other related financial disclosures; however, ultimate responsibility for reviewing and approving the Annual Report and Accounts and other public reports and statements remains with the Board.

**Table 1: The Board**

	Date appointed <sup>1</sup>	Number of meetings held in 2010	Number of meetings attended in 2010	Percentage of meetings attended in 2010
Rupert Pennant-Rea (Chairman)	01/10/2004	14	14	100%
Gerald Aherne	01/10/2004	14	13	93%
Duncan Ferguson	01/07/2004	14	14	100%
Andrew Formica	05/11/2008	14	14	100%
Shirley Garrood	26/08/2009	14	14	100%
Tim How	28/11/2008	14	14	100%
Robert Jeens	29/07/2009	14	14	100%

**Note**

1. For any period prior to and including 31 October 2008, these appointment dates are references to the previous holding company of Henderson Group with registered number 2072534 (since renamed as HGI Group Limited). For any period after 31 October 2008, such references apply to Henderson Group plc, being the current holding company of the Group with registered number 101484 (referred to as the Company). This also applies to the Audit, Nomination, Remuneration and Risk Committees referred to hereafter.

The Audit Committee, up until the formation of the Risk Committee in June 2010, also had responsibility for the matters set out in the business of the Risk Committee (refer to below).

#### Audit Committee's principal activities during 2010

During the year, the Audit Committee:

- received and reviewed reports from management and the external auditors relating to the Annual Report and Accounts of the Group and the Company as well as the interim report and accounts, interim management statements, related disclosures and the financial reporting process;
- assessed the effectiveness and independence of both the external auditors and Internal Audit function;
- reviewed compliance with legal and regulatory requirements and accounting standards;
- assessed the effectiveness of the Group's system of internal controls;
- received regular reports from the Finance, Internal Audit, Legal and Compliance functions;
- reviewed and approved the external auditors' remuneration and engagement letter;
- reviewed and authorised details of the non-audit services provided by the external auditors during the year – refer to note 4.2 to the financial statements. The amount paid for non-audit services and the type of services provided were not considered by the Audit Committee to affect the external auditors' objectivity or independence;
- reviewed arrangements for whistleblowing should an employee wish to raise concerns, in confidence, about any possible improprieties; and
- reviewed the risk of the withdrawal of the external auditor from the market.

The internal and external auditors attended all Audit Committee meetings during the year and, on one occasion, met the Non-Executive Directors without the Executive Directors being present.

As explained above, an annual review was undertaken regarding the effectiveness and independence of the external auditors. The Board is satisfied with the performance and independence of the external auditors. The audit engagement partner and senior audit team members are rotated every five years. No contractual obligations exist to restrict the choice of auditors of the Group and the Company. The Board has adopted a Charter of Statutory Auditor Independence, which requires both the Company and the external auditors to take measures to safeguard the objectivity and independence of the external auditors. These measures include a prohibition regarding any non-audit services in respect of specific areas (e.g. secondments to management positions) or which could create a conflict or perceived conflict. It also includes information on the procedures for the selection, appointment and rotation of the external audit engagement partner. The Charter is on the Group's website.

The external auditors will be asked to attend the Company's AGM on 4 May 2011 and will be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Independent Auditors' Report as shown on page 44.

**Table 2: Audit Committee**

	Date appointed	Number of meetings held in 2010	Number of meetings attended in 2010	Percentage of meetings attended in 2010
Robert Jeens (Chairman)	26/08/2009	6	6	100%
Gerald Aherne	20/01/2010	6	5	83%
Duncan Ferguson	09/06/2005	6	6	100%
Tim How	11/05/2009	6	6	100%

#### Nomination Committee

Rupert Pennant-Rea is the Chairman of the Nomination Committee. All the other Non-Executive Directors are members of the Committee. The Committee met four times in 2010. Attendance by each of the members is set out in Table 3 below.

The Nomination Committee has responsibility for considering the size, composition and balance of the Board, and the retirement and appointment of Directors and making recommendations to the Board on these matters. In identifying suitable candidates for appointment to the Board, the Nomination Committee is responsible for ensuring that Directors have the right mix of expertise and experience. The Committee also considered succession planning for key management and staff members.

#### Remuneration Committee

Gerald Aherne is the Chairman of the Remuneration Committee. The other members are Duncan Ferguson, Tim How and Robert Jeens. The Committee met six times in 2010. Attendance by each of the members during 2010 is set out in Table 4 below.

The Remuneration Committee has responsibility for making recommendations to the Board on the Group's remuneration plans, policies and practices and for determining, within agreed terms of reference, specific remuneration packages for each of the Executive Directors and members of the SMT. These include pension rights, compensation payments (if any) and the implementation of executive incentive schemes. The Remuneration Committee operates on the principle that members of the SMT should be provided with incentives to encourage superior performance and should, in a fair and responsible manner, be rewarded for their individual contributions to the success of the Group.

The Report on Directors' Remuneration (refer to pages 34 to 42) provides details on how the Remuneration Committee exercised its responsibilities during 2010. During 2010, the Remuneration Committee took advice on technical aspects of remuneration policy from independent external consultants appointed by the Remuneration Committee. These were Towers Watson, a specialist remuneration consulting firm, and PricewaterhouseCoopers (PwC) both of which provided advice on a variety of matters (particularly the FSA Code on Remuneration), and Lane Clark & Peacock LLP, which provided advice to the Group on pension matters. Remuneration survey data published by McLagan Partners was also presented to the Remuneration Committee. None of Towers Watson, Lane Clark & Peacock LLP or McLagan Partners have any connection with the Company other than to provide data and information on remuneration and on pension matters and developments. PwC provide other consultancy and specialist advice to the Group on an ad hoc basis but have no other connection with the Group.

## Risk Committee

The Board formed a Risk Committee in June 2010 following its assessment of the November 2009 Walker Report. Previously, the Audit Committee was responsible for the matters set out below.

Duncan Ferguson is the Chairman of the Risk Committee. All the other Non-Executive Directors, excluding the Chairman, are members of the Committee. The Committee met four times in 2010. Attendance by each of the members is set out in Table 5 below.

The Risk Committee is responsible for overseeing the Group's key risks through a mixture of qualitative guidance and quantifiable limits. The Risk Committee is forward looking and advises the Board on the Group's risk profile and risk appetite in setting its future strategy. It also advises the Board on the amount of surplus regulatory capital that should be held and oversees the effectiveness of the risk management framework and procedures, regulatory compliance and the principal risks and uncertainties relating to the Group. It also reviews the work and reports prepared by the Chief Risk Officer (CRO) and oversees the effectiveness of the CRO's role.

Since its formation, the Risk Committee:

- reviewed and accepted the Risk Committee's terms of reference;
- assessed the effectiveness of the Group's risk management framework;
- received regular reports from the Finance and Risk Management functions (further information on the Risk Committee's role in monitoring and assessing the Group's management of risk is set out in the risk management and oversight of internal controls sections on page 30);
- reviewed and updated the Group's risk appetite statement; and
- reviewed and recommended the approval of the ICAAP reports to the Board.

## Risk management

The Board considers risk assessment and the existence of effective controls to be fundamental to achieving its corporate objectives within an acceptable risk and reward profile. Throughout 2010 and up to 22 February 2011, being the date on which the Annual Report and Accounts were approved, there has been in place an ongoing process for identifying, evaluating and managing significant risks within the Group's control which accords with the guidance set out in the "Turnbull Report – Internal Control: Revised Guidance for Directors on the Combined Code – October 2005". No significant failings or weaknesses were identified by this process. A summary of the Group's risk policy is on the Group's website and the key risks and their mitigation are outlined under Risk Management on pages 17 to 19.

The responsibility for managing risk lies with the SMT. There are also a number of management committees chaired by, and consisting of, senior managers that have responsibility for specific areas of risk. These provide a forum for managing and resolving significant risk and regulatory issues. Day-to-day responsibility for management of risk is delegated to line management who work closely with the Risk Management Team to maintain an effective system of controls.

**Table 3: Nomination Committee**

	Date appointed	Number of meetings held in 2010	Number of meetings attended in 2010	Percentage of meetings attended in 2010
Rupert Pennant-Rea (Chairman)	01/03/2005	4	4	100%
Gerald Aherne	12/05/2005	4	4	100%
Duncan Ferguson	12/05/2005	4	4	100%
Tim How	28/11/2008	4	4	100%
Robert Jeens	26/08/2009	4	4	100%

**Table 4: Remuneration Committee**

	Date appointed	Number of meetings held in 2010	Number of meetings attended in 2010	Percentage of meetings attended in 2010
Gerald Aherne (Chairman)	01/10/2004	6	5	83%
Duncan Ferguson	09/06/2005	6	6	100%
Tim How	28/11/2008	6	6	100%
Robert Jeens	20/01/2010	6	6	100%

**Table 5: Risk Committee**

	Date appointed	Number of meetings held in 2010	Number of meetings attended in 2010	Percentage of meetings attended in 2010
Duncan Ferguson (Chairman)	29/06/2010	4	4	100%
Gerald Aherne	29/06/2010	4	4	100%
Tim How	29/06/2010	4	4	100%
Robert Jeens	29/06/2010	4	4	100%

The Group's framework utilises a 'three lines of defence' approach to managing risk: the first line is represented by business management managing risk and having in place effective controls; the second line comprises an independent risk management team monitoring the operation of those controls and ensuring significant risks are not overlooked and by Compliance monitoring regulatory risks; and the third line is provided by Internal Audit, which operates and reports independently of management to the Audit Committee and is responsible for assessing the effectiveness of controls and, where necessary, making recommendations for improvements and monitoring management action plans to implement such improvements.

Quarterly risk reports are provided to the Board by the Risk Committee which include material business risks such as credit, market and operational risks; and the CRO provides regular reports to the Risk Committee on these topics. The Risk Management Team maintains an incident management process and reports regularly to the SMT.

The Board considers that this reporting framework gives it sufficient information upon which to assess the effectiveness of the Group's system of internal controls.

### Oversight of internal controls

The Board has overall responsibility for the Group's system of internal controls and for reviewing its effectiveness. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The effectiveness of the Group's system of internal controls is reviewed at least annually by the Board in order to safeguard the Group's assets as well as clients' and shareholders' interests. For 2010, this review covered all material controls including financial, operational and compliance controls and risk management systems. As part of its review, the Board received assurances from the Chief Executive and the Chief Financial Officer that the statement provided on page 43 is founded on a sound system of risk management and internal controls and that the system is

operating effectively in all material respects in relation to financial reporting risks. In addition, the SMT reported positively to the Board on the effectiveness of the Group's system of internal controls and the mitigation of any material business risks.

The Board has delegated certain responsibilities to the Audit and Risk Committees (refer to pages 27 to 29 for roles and responsibilities of these committees). Terms of reference for these committees are available on the Group's website. The responsibility for risk within the Group is now overseen by the Risk Committee (prior to its establishment in June 2010, this responsibility lay with the Audit Committee).

The Group's system of internal controls requires line managers to confirm regularly that controls in their areas have operated effectively. These controls, and the risks which they are designed to mitigate, are maintained within the Group's operational risk database, which in turn reflects the risk profiles of each part of the Group's business.

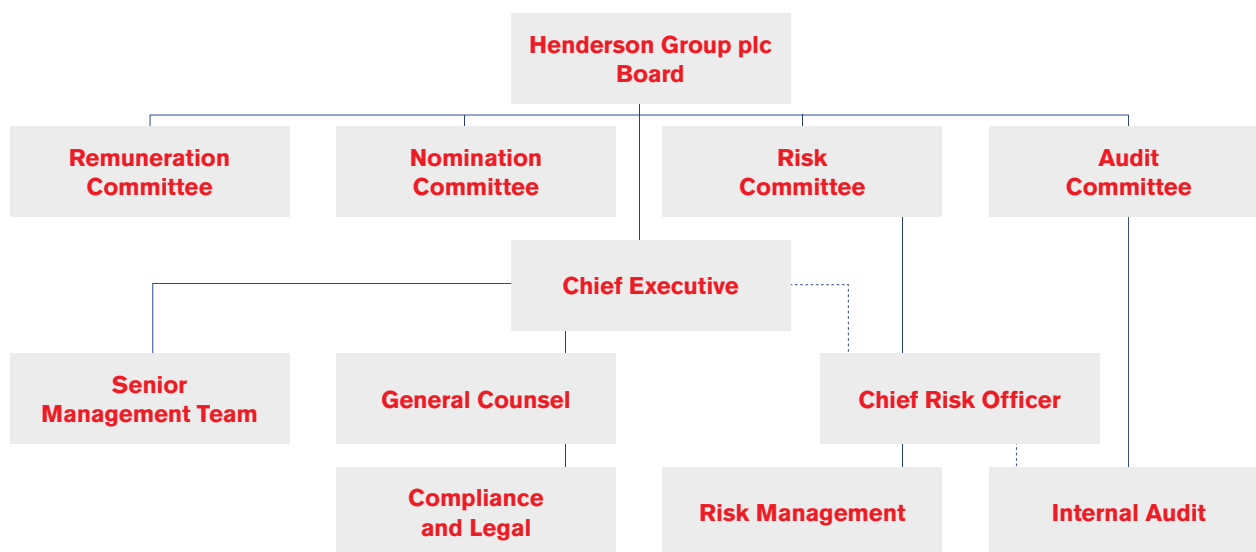
### Internal controls over financial reporting

The Group's financial reporting process has been designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of financial statements, including consolidated financial statements, for external purposes, in accordance with IFRS. This process is under the supervision of the Chief Executive and the Chief Financial Officer and has appropriate internal controls to ensure its effectiveness.

The internal controls include policies and procedures that:

- relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of the Group's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements, and that the receipts and expenditures of the Group are being made only in accordance with authorisations of management and Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of Group assets that could have a material effect on the Group's financial statements.

## RISK MANAGEMENT AND CORPORATE GOVERNANCE STRUCTURE



## Financial reporting and going concern

The Directors have acknowledged their responsibilities in the Statement of Directors' Responsibilities in relation to the consolidated financial statements for the year ended 31 December 2010 (refer to page 43).

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Review on pages 4 to 11. The financial position of the Group, its cash flows and liquidity position are described in the consolidated financial statements and notes. In particular, note 28 to the financial statements summarises the Group's objectives, policies and processes for managing its financial risk management objectives, details of financial instruments used and hedging activities and its exposures to market, liquidity, interest rate and credit risks.

The Group has sufficient financial resources and diverse revenue streams. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have made appropriate enquiries into the material uncertainties inherent in current and expected market conditions, the trading performance of the Group and the debt instrument issued by the Group in 2007, which matures in 2012. Furthermore, the Directors have considered the guidance published by the Financial Reporting Council in October 2009 entitled "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" and the key questions for boards contained within that guidance. After thorough examination, the Directors are satisfied that the Group has and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future and, therefore, will continue to adopt the going concern basis in preparing the Annual Report and Accounts.

## Significant agreements

HGI Group Limited (previously Henderson Group plc and now a wholly owned subsidiary of the Company) has in issue £175,000,000 in senior, unrated fixed rate notes (Notes) listed on the LSE, maturing on 2 May 2012. Condition 6.3 of the terms and conditions of the Notes gives each noteholder the option to require HGI Group Limited to redeem or (at HGI Group Limited's option) to purchase that Note at its principal amount together with accrued interest in the event of a 'Change of Control'. A 'Change of Control' will be deemed to have occurred, broadly, if there is a change in the person(s) who own(s) directly or indirectly more than 50% of the share capital of HGI Group Limited (or more than 50% of the voting rights attached to the share capital of HGI Group Limited). In the event that 80% or more in nominal amount of the Notes then outstanding has been redeemed or purchased in accordance with this condition, HGI Group Limited may redeem, at its option, the remaining Notes as a whole at their principal amount plus accrued interest.

The Group has entered into multicurrency term and GBP revolving loan facilities which may be utilised by the Group to meet the Group's post-Gartmore Acquisition debt obligations and for general corporate and working capital purposes. The Facilities Agreement contains a standard clause that sets out repayment and cancellation provisions should a change of control occur.

## Share capital and structure

The share capital of the Company, issued and unissued, consists entirely of ordinary shares of 12.5 pence each. Each share ranks equally and carries the same right to receive dividends and other distributions declared, made or paid by the Company. No restrictions exist on the transfer or holding of securities in the Company under its Articles of Association and there are no shares carrying special rights with regard to the control of the Company.

## Substantial shareholdings

At 22 February 2011, in accordance with the provisions of Rule 5 of the Disclosure and Transparency Rules, the Company had received notification of direct and indirect holdings in the Company's issued share capital from:

	Percentage of total voting rights
Perpetual Limited	13.51%
JCP Investment Partners Limited	6.46%
Lansdowne Partners Limited Partnership	6.22%
BlackRock, Inc.	5.01%
Suncorp-Metway Limited	4.57%
Legal & General plc	3.97%

## Investor relations

The Group welcomes the views of investors and their representative bodies. The Board receives regular feedback from management about investors' and analysts' views on the Group and also wider industry matters. In addition, a monthly investor relations report informs the Board of analysts' views on the Group, provides a summary of the largest shareholders and reviews share price performance and key market and sector developments in the month.

The Group's website provides online services to help shareholders manage their holding and engage with the Investor Relations Team and Share Registry. To assist shareholders in accessing up-to-date information on the Group, market briefings and other Company announcements and presentations are on the Group's website. The Chief Executive and Chief Financial Officer meet with institutional shareholders and equity analysts regularly and the major shareholders are offered meetings with Non-Executive Directors. The Company's Market Disclosure and Communication and Shareholder Communication Policies, which are designed to promote effective communication with shareholders, are available on the Group's website.

The Group publishes its financial results on both the LSE and the ASX. The 2009 Annual Report and Accounts was sent to all shareholders that had requested it and all other shareholders were notified, via post or email, that the 2009 Annual Report and Accounts was available on the Group's website.

All shareholders were invited to the AGM held on 11 May 2010. Notice of the AGM was given to shareholders at least 21 clear days before the meeting. In line with the Combined Code, proxy forms for general meetings (including the AGM) made it clear that shareholders could vote for or against any resolution or withhold their vote. The AGM was held in Dublin and simultaneously broadcast to a venue in Sydney. All Directors attended the AGM. A summary of the questions asked at the AGM and the answers given, together with the results of resolutions put to the AGM, is on the Group website.

### Employee share schemes

The Group has a number of employee share schemes. The rights attached to the shares of several of the share schemes are not exercisable directly by the employees. The trustees of such share schemes have an obligation to act in the best interests of the beneficiaries of the share schemes and, although the trustees consider any recommendations made by the Company, where applicable, the discretion over the rights remain with the trustees. In cases of takeover or reconstruction, the employees do have a right to vote via the trustees. An exception to the above is that the trustee of the Henderson Group plc Buy As You Earn Share Plan, and its international equivalent, does not have discretion as to how to vote and is instructed by the employees who are beneficially entitled to the underlying shares.

### Restrictions on voting rights

All shareholders entitled to attend and vote at Company meetings are also entitled to appoint a proxy to attend, speak and vote in their place. A member may appoint more than one proxy. Proxy forms must be received not less than 48 hours before the time appointed for holding a meeting, as set out in any notices concerning a general meeting or in any proxy form sent by or on behalf of the Company in relation to a meeting. In addition, the Companies (Uncertificated Securities) (Jersey) Order 1999 provides for a time to be specified in the notice of meeting for determining attendance and voting entitlements. This time may not be more than 48 hours before the meeting. Further details are set out in any notice of meeting issued by the Company from time to time.

### Amendment to the Articles of Association of the Company

Under the Companies (Jersey) Law 1991, the Company may only amend its Articles of Association if its shareholders pass a special resolution to that effect. A special resolution is passed if two thirds or more of the votes cast, in person or by proxy, are in favour of the resolution.

### New issues of share capital and disapplication of pre-emption rights

Under the Company's Articles of Association, the Directors of the Company are, with certain exceptions, unable to allot any ordinary shares without express authorisation which cannot last more than five years. The Company follows best practice and asks shareholders to grant such authority on an annual basis. Under the Company's Articles of Association, the Board may not allot ordinary shares for cash, other than pursuant to an employee share scheme, without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a resolution of the shareholders passed by a majority of at least three quarters of the holders of the shares who vote in person or by proxy in favour of the resolution.

The Directors have been authorised by shareholders to allot the Company's unissued shares up to an aggregate nominal amount of £34,000,000, or £68,000,000 when in connection with an offer of equity securities by way of a rights issue to shareholders in proportion to their existing holdings. The former amount represented less than one third of the Company's issued ordinary share capital as at the year end. As at 22 February 2011, the Company has authority to allot shares up to a nominal value of £34,000,000, or £68,000,000 when in connection with an offer of equity securities by way of a rights issue to shareholders in proportion to their existing holdings. Shareholders will be asked to renew this authority up to a limit of £34,000,000, or £68,000,000 when in connection with an offer of equity securities by way of a rights issue to shareholders in proportion to their existing holdings,

at the AGM on 4 May 2011. The latter allotment ceiling of up to two thirds of the nominal value of the issued shares is in accordance with guidelines issued by the Association of British Insurers (ABI).

The Directors have authority to allot equity securities for cash or sell ordinary shares held in treasury (treasury shares) for cash on a non-pre-emptive basis: (a) pursuant to a rights issue; or (b) up to an aggregate nominal amount of £5,000,000. This empowers the Company to make limited allotments of unissued equity shares of the Company or certain rights to acquire such shares (equity securities) and to sell treasury shares for cash other than in accordance with the pre-emption rights in the Articles of Association. This amount represents less than 5% of the Company's issued share capital. Shareholders will be asked to renew this authority up to a limit of £5,000,000 at the AGM on 4 May 2011.

### Purchase of own share capital

Subject to authorisation by a special resolution passed by shareholders, the Company may purchase its own shares in accordance with the Companies (Jersey) Law 1991. Any shares which have been bought back may be held as treasury shares and if not so held, would be cancelled, thereby reducing the amount of issued share capital. The Directors have shareholder authority to buy back up to 80,000,000 ordinary shares during the period up to the forthcoming AGM. The maximum number of ordinary shares authorised to be purchased is 80,000,000 minus the number of shares purchased pursuant to any purchases of CDIs made under a Contingent Purchase Contract (CP Contract). The minimum price (exclusive of expenses) which may be paid for an ordinary share is 12.5 pence (being the nominal value of an ordinary share). The maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of: (a) an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the LSE Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the LSE Trading System. No ordinary shares were bought back by the Company during 2010.

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 Companies (Jersey) Law 1991 provisions which provide for a buy-back of shares do not apply to CDIs. The Company, therefore, cannot buy CDIs pursuant to the above authority.

The Company achieves a similar result by entering into a CP Contract with Credit Suisse (Australia) Limited and certain of its affiliates (Credit Suisse) as identified in the CP Contract. Credit Suisse would buy the CDIs in Australia and then convert the CDIs into shares (Converted Shares). The Company would then have an obligation to buy any Converted Shares from Credit Suisse up to a maximum amount as explained below.

The Companies (Jersey) Law 1991 provides that any purchase of shares must be approved by shareholders by special resolution. Shareholders are therefore asked to approve the CP Contract. No Converted Shares were bought back by the Company during 2010.

The maximum number of Converted Shares which could be bought back by the Company, together with the number of shares bought back by the Company under the authority to purchase its own shares set out above, is limited to 80,000,000, which represented under 10% of the Company's issued share capital at 22 February 2011. Shareholders will be asked to renew these authorities up to a limit of 80,000,000 ordinary shares at the AGM on 4 May 2011.

## Directors

In accordance with the Company's Articles of Association, one third of the Directors of the Company are required to retire by rotation at each AGM. The retiring Directors are eligible to stand for reappointment by shareholders. The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for reappointment by the shareholders at the next AGM in accordance with the Articles of Association.

In accordance with the new UK Corporate Governance Code, all Directors will offer themselves for reappointment at the AGM on 4 May 2011.

Pursuant to the Articles of Association, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

Signed in accordance with a resolution of the Directors:



**Andrew Formica**  
Chief Executive  
22 February 2011



**Rupert Pennant-Rea**  
Chairman  
22 February 2011