

# Proposed Acquisition of Gartmore Group Limited

**Andrew Formica**  
Chief Executive

**Shirley Garrod**  
Chief Financial Officer

All information in £ unless otherwise stated

Wednesday 12 January 2011

# Trading update

**Andrew Formica**  
Chief Executive

## Current trading – Henderson

- Underlying profit before tax<sup>1</sup> for FY10 £97m – £102m (FY09: £73.7m)
  - Includes gross performance and transaction fees of approximately £80 million (FY09: £56.5 million)
- Estimated AUM £61.6bn at 31 Dec 2010 (30 Sep 2010: £59.2bn)
  - £36.6bn higher margin (30 Sep 2010: £34.5bn)
  - £17.8bn lower margin (30 Sep 2010: £17.7bn)
  - £7.2bn Pearl (30 Sep 2010: £7.0bn)
- 4Q10 flows include
  - £0.9bn net inflows into higher margin including £0.1bn into UK Wholesale and £0.2bn into Horizon funds
  - £0.9bn net outflows from lower margin including £0.8bn from cash funds and £0.3bn from NSIM
- Board expects to recommend a final dividend no less than 2009 final dividend (4.25 pence per share)

<sup>1</sup> Recurring profit before amortisation of intangibles and void property finance charge.



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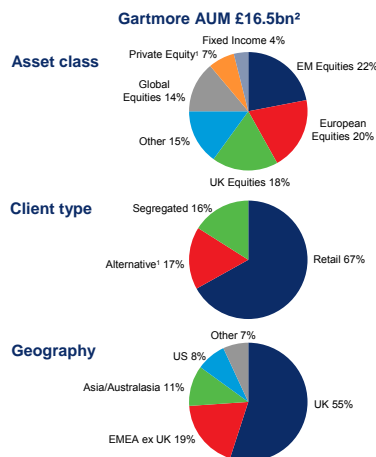


## Strategic overview of Acquisition of Gartmore Group Limited

**Andrew Formica**  
Chief Executive

## Overview of Gartmore

- An established traditional long only and alternative<sup>1</sup> UK fund manager
- Distribution focused in UK, C.Europe, North America, Japan and South America
- £16.5bn AUM<sup>2</sup>; 17% in alternative strategies
- RRR<sup>3</sup> of £163m
- Diversified offering
- 308 employees including 77 investment professionals
- 24% of AUM<sup>2</sup> capable of earning performance fees



<sup>1</sup> Alternatives includes private equity capability held through JV with Hermes.  
<sup>2</sup> Estimated as at 31 Dec 2010 net of notified flows.  
<sup>3</sup> Estimated run-rate net management fee revenue of £120m based on estimated 31 Dec 2010 AUM and £43m of estimated run-rate gross performance and transaction fees. ("RRR").



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## Highlights of proposed Acquisition

- 2 Henderson shares for 3 Gartmore shares<sup>1</sup>, values each Gartmore share at 92.1p
- Combined estimated AUM of £78.1bn<sup>2</sup>
- Key portfolio managers, overseeing c.84% of AUM<sup>3</sup>, agreed to join
- Significantly enhances the Combined Group's UK retail position
- Combined Group has \$6bn in absolute return focused product
- Acquire Gartmore's current RRR of £163m at an operating margin exceeding 60%
  - After prudent AUM assumptions operating margin of acquired business expected to be not less than 50%
- Significant value creation for Henderson and Gartmore shareholders

<sup>1</sup> Under the terms of the Acquisition, for every Gartmore share, Gartmore shareholders will receive 0.6667 of a New Henderson Share which will be entitled to the Henderson Group 2010 final dividend on Completion.  
<sup>2</sup> Includes estimated Gartmore AUM of £16.5bn at 31 Dec 2010 net of notified flows.  
<sup>3</sup> Including sub-advised AUM.

**Enhances product strength in long only and absolute return**



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## A leading diversified investment manager

<b>Attractive business fit</b>	<ul style="list-style-type: none"> <li>• Consistent with Henderson's higher margin growth strategy</li> <li>• Expands and strengthens product range, investment capabilities and distribution reach</li> <li>• Enhanced absolute return offering for institutional and retail clients</li> <li>• Complementary investment processes and approach</li> </ul>
<b>Scale and presence</b>	<ul style="list-style-type: none"> <li>• Diversified business with product strength in long only and absolute return</li> <li>• Combined estimated AUM of £78.1bn<sup>1</sup> as at 31 Dec 2010</li> <li>• Combined Group will rank 6<sup>th</sup> amongst UK retail asset managers by AUM<sup>2</sup></li> </ul>
<b>Value creation</b>	<ul style="list-style-type: none"> <li>• Significant underlying earnings per share enhancement (before integration and deal costs)</li> <li>• Underlying returns expected to exceed Henderson's cost of capital from 2011<sup>3</sup></li> <li>• Certainty for Gartmore and its clients</li> <li>• Draw on experience of successful integration of New Star</li> </ul>

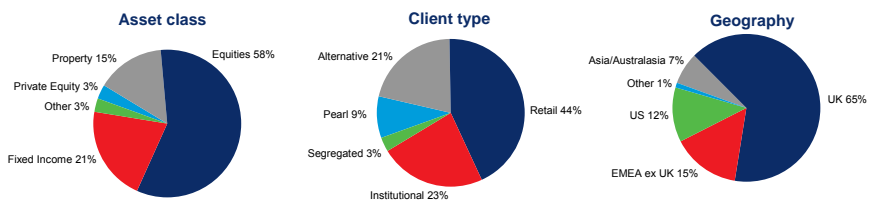
<sup>1</sup> Includes estimated Gartmore AUM at 31 Dec 2010 net of notified flows.  
<sup>2</sup> By retail AUM, based on IMA data as at Nov 2010.  
<sup>3</sup> Calculated on the basis of underlying earnings.

**Compelling strategic and financial benefits**



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## Combined pro forma Group AUM<sup>1</sup>



<sup>1</sup> Based on estimated AUM as at 31 Dec 2010 net of notified flows in respect of Gartmore.

**Diversified business**



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# Financial overview of proposed Acquisition

**Shirley Garrod**  
Chief Financial Officer

## Financially compelling transaction

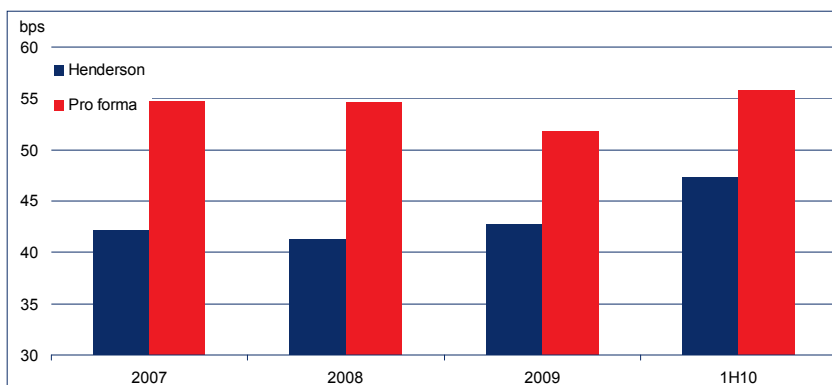
<b>Financial benefits</b>	<ul style="list-style-type: none"> <li>• Shareholder value creation from 2011</li> <li>• Significant underlying earnings per share enhancement (before integration and deal costs)</li> <li>• Underlying returns expected to exceed Henderson's cost of capital</li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>• Gartmore equity valued at £335.3m</li> <li>• £16.5bn AUM<sup>1</sup> acquired</li> <li>• £163m RRR acquired</li> <li>• Reduction of operational overlap</li> <li>• Significant economies of scale</li> <li>• After prudent AUM assumptions operating margin expected to be not less than 50%</li> </ul>
<b>Consideration</b>	<ul style="list-style-type: none"> <li>• 2 Henderson shares for every 3 Gartmore shares<sup>2</sup></li> <li>• Values each Gartmore Share at 92.1 pence per share</li> <li>• Right to Henderson Group's 2010 final dividend</li> <li>• Maximum of 242.6m new Henderson shares to be issued</li> <li>• Gartmore shareholders will own 22.5% of enlarged share capital</li> </ul>

<sup>1</sup> Estimated as at 31 Dec 2010 net of notified flows.

<sup>2</sup> Under the terms of the Acquisition, for every share Gartmore Shareholders will receive 0.6667 of a New Henderson Share which will be entitled to the Henderson Group's 2010 final dividend on Completion.

**Consistent with previous guidance on acquisition criteria**

## Enhances net management fee margin



*In line with higher margin strategy*



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## Financial strength maintained

Estimated at 31 Dec 2010			
£m	Henderson	Gartmore	Adjusted Pro forma
Gross debt	175.0	246.5	300.0
Cash	176.8 <sup>1</sup>	197.0	252.3
Net (cash)/debt	(1.8)	49.5	47.7

- Adjusted pro forma gross debt for Combined Group expected to be approximately £300m post completion based upon 31 Dec 2010 estimates
- Bank facilities in place to meet Combined Group debt obligations and to ensure sufficient working capital

<sup>1</sup> Henderson cash includes £5.0m of restricted cash and £17.4m of cash held in manager dealing accounts.

*All equity deal*



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## Integration process and costs

- Henderson will draw on experience of successful integration of New Star
- Client retention and business stability key priorities
- Integration planning well advanced
- Estimated pre-tax integration and deal costs of c.£70m in 2011
- Integration benefits start in 2011 from:
  - Reduction of operational overlap
  - Single technology
  - Consolidation of group central functions
  - Marketing and distribution synergies



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## Further detail on the Transaction

<b>Support and approvals received</b>	<ul style="list-style-type: none"> <li>• Unanimous recommendation from Gartmore Board to support acquisition</li> <li>• Irrevocable undertakings and other commitments representing approximately 60% of Gartmore issued share capital</li> <li>• Key fund managers committed to enlarged group who collectively oversee 84% of AUM<sup>1,2</sup></li> <li>• FSA extended period of waiver for 5 years from completion</li> <li>• 12 month orderly market arrangement post completion agreed with H&amp;F</li> </ul>
<b>Approvals required</b>	<ul style="list-style-type: none"> <li>• Henderson and Gartmore shareholder approvals</li> <li>• Standard regulatory approvals</li> <li>• Implementation via Scheme subject to Cayman Court approval</li> </ul>
<b>Expected Completion</b>	<ul style="list-style-type: none"> <li>• Legal Completion expected within three months from today's announcement</li> <li>• Client facing integration expected to complete summer 2011</li> </ul>

<sup>1</sup> Based on estimated AUM as at 31 Dec 2010 net of notified flows.

<sup>2</sup> Including sub-advised AUM.

**Key stakeholder support in place**



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## Strengthened investment capability and product ranges

Andrew Formica  
Chief Executive

## New investment capabilities



**Emerging market/LATAM**  
Chris Palmer



**Global equities**  
Neil Rogan

## Additional absolute return capabilities

UK large cap  
long/short



Ben Wallace



Luke Newman

Japan  
equities



John Stewart

Financials  
long/short



Simon Peters

Europe  
long/short



John Bennett



Leopold Arminjon



Tomas Pinto

UK small cap



Robert Giles



Adam McConkey



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## Complementary investment capabilities



Europe  
large cap  
John Bennett



UK cautious  
managed  
Chris Burvill



Multi-manager  
absolute return  
Tony Lanning



China OEIC  
Charlie Awdry

*Strengthens our retail line-up*



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## Enhances long only investment capabilities

Asset Class	Micro Cap	Small Cap	Mid Cap	Large Cap
UK Equity	✓	✓✓	✓✓	✓✓
Continental Europe		✓	✓	✓
Pan Europe				✓
Asia Pacific Equity			✓	✓
Japan Equity		✓		✓
Emerging Markets Equity				✓
Global Equity				✓
International Equity				✓
China Equity				✓✓

✓ Henderson

✓ Gartmore



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## Expands hedge fund range

Asset Class	Gartmore	Henderson
Asian Equity ex Japan		✓
Japanese Equity Long/Short Large Cap	✓	
Japanese Equity Long/Short All Cap		✓
European Equity Long/Short Large Cap	✓	
European Equity Long/Short All Cap		✓
UK Equity Long/Short Large Cap	✓	
UK Equity Long/Short All Cap		✓
Global Arbitrage & Multi-Strategy		✓
Asian Multi-Strategy		✓
Credit		✓
Currency		✓
Commodities		✓
Macro		✓
Financials Long/Short	✓	
Fund of Funds	✓	
Consumer Equity	✓	
Global Equity	✓	



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## Accelerates development of Absolute Return range

Asset Class	Gartmore	Henderson
Japanese Equity OEIC and SICAV	✓	
European Equity OEIC and SICAV	✓	✓ <sup>1</sup>
UK Equity OEIC and SICAV	✓	
Multi-Manager OEIC	✓	
Credit OEIC		✓
Fixed Income SICAV		✓
Global Currency SICAV		✓

<sup>1</sup> SICAV only



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## Investment performance<sup>1</sup>

Funds at/above benchmark (%)	Gartmore			Henderson		
	1 year	3 year	5 year	1 year	3 year	5 year
Equities	47	71	81	67	72	76
Fixed Income <sup>2</sup>	2	31	31	65	79	81
<b>Total</b>	<b>46</b>	<b>69</b>	<b>80</b>	<b>66</b>	<b>75</b>	<b>78</b>

<sup>1</sup> Asset weighted of funds measured as at 30 Sep 10.

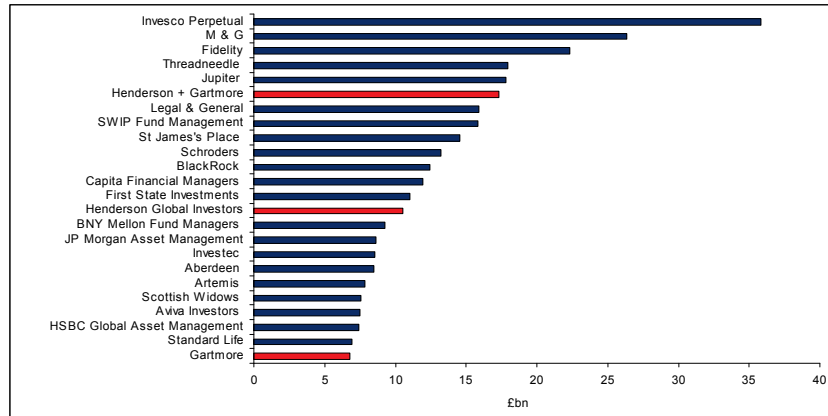
<sup>2</sup> Estimated AUM c.£0.6bn as at 31 Dec 2010 net of notified flows.



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## Cements our position in UK retail market

### Manager rankings by UK retail AUM



Source: IMA, UK Retail AUM Nov 2010.



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## Complementary platform for absolute return

- In excess of \$6bn AUM on which to build future growth
- Increased capacity in key equity long/short strategies
- Expansion of absolute return fund offering in SICAV and OEIC ranges
  - 7 new funds
  - £0.6bn additional AUM<sup>1</sup>
- Combines two complementary businesses with a significant institutional client base

<sup>1</sup> Based on estimated AUM as at 31 Dec 2010 net of notified flows.



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## Summary and conclusion

### Acquisition benefits clients and shareholders

- Gartmore has a complementary business and high quality fund managers
- This acquisition
  - Meets our strategic objectives
  - Fits our financial criteria
- Creates diversified business with product strength in long only and absolute return
- Provides certainty for Gartmore's shareholders, clients and employees
- Significant value creation for Henderson and Gartmore shareholders

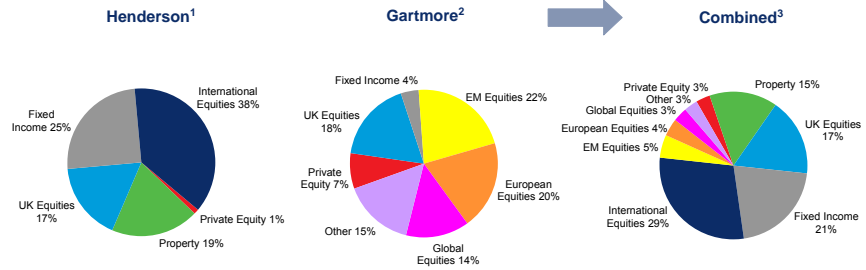
*A leading, diversified investment manager*

# Q&A

# Appendix

## Henderson / Gartmore pro forma AUM

### Asset class



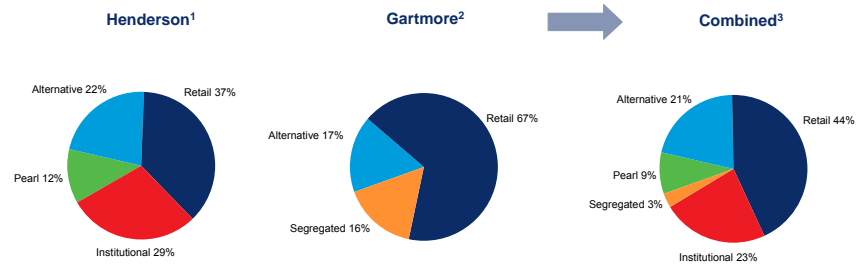
<sup>1</sup> Estimated as at 31 Dec 2010.  
<sup>2</sup> Estimated as at 31 Dec 2010 net of notified flows.  
<sup>3</sup> Estimate.



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## Henderson / Gartmore pro forma AUM

### Client type



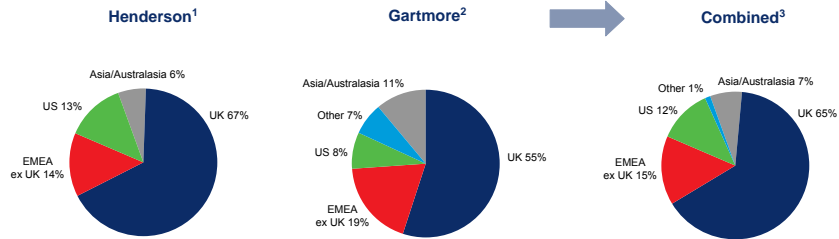
<sup>1</sup> Estimated as at 31 Dec 2010.  
<sup>2</sup> Estimated as at 31 Dec 2010 net of notified flows.  
<sup>3</sup> Estimate.



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## Henderson / Gartmore pro forma AUM

### Geography



<sup>1</sup> Estimated as at 31 Dec 2010.

<sup>2</sup> Estimated as at 31 Dec 2010 net of notified flows.

<sup>3</sup> Estimate.



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## Gartmore fund awards

Year	Entity	Award
2010	AlphaGen Volantis Fund	Best Long/Short Equity Hedge Fund Hedge Funds Review European Performance Awards
2009	AlphaGen RhoCas Fund	Best Global Equity Fund EuroHedge Awards
2009	AlphaGen Volantis Fund	Best Small Cap Equity Fund EuroHedge Awards
2009	AlphaGen Tucana Fund	Best European Equity Fund EuroHedge Awards(over \$500m)
2009	AlphaGen Octanis Fund	Best Long/Short Equity Hedge Fund HFM Week Awards
2009	AlphaGen Octanis Fund	Best Long/Short Equity Hedge Fund Hedge Funds Review European Performance Awards
2009	AlphaGen Octanis Fund	Best UK Equity Award EuroHedge Awards
2009	Ben Wallace; performance on AlphaGen Octanis	UK Equity Award EuroHedge Awards
2009	Chris Palmer	Best Latin American Fund Over 3 Years Lipper Spain
2009	Gartmore	Investment Trust Group of The Year Moneywise Investment Trust Awards
2009	Ben Wallace; AlphaGen Octanis	Best Long/Short Equity Hedge Fund HMF Week European Awards
2009	AlphaGen Octanis	Best Long/Short Equity Hedge Fund Hedge Funds Review - European Performance Awards 2009



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## Combined ratings across two groups

	Citywire rated fund managers	OBSR fund ratings	S&P fund ratings
<b>Equities</b>			
UK	✓	✓	✓
Europe	✓✓	✓✓✓	✓✓✓
US		✓	✓
Japan	✓✓	✓	
Asia/Emerging Markets	✓✓✓✓	✓✓	✓✓✓✓✓
Global		✓	✓✓
Specialist Equities	✓	✓	✓
<b>Mixed</b>	✓		✓✓✓
<b>Multi-manager</b>	✓	✓✓✓✓✓✓✓✓	
<b>Fixed Income</b>	✓	✓✓✓✓	✓✓✓
<b>Absolute Return</b>		✓	✓



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This investor presentation contains a number of forward-looking statements relating to the Henderson Group and the Gartmore Group with respect to, among other matters, the following: financial condition; results of operations; the respective businesses of the Henderson Group and the Gartmore Group; the economic conditions in which the Henderson Group and the Gartmore Group operate; benefits of the Acquisition and management plans and objectives. Henderson and Gartmore consider any statements that are not historical facts to be "forward-looking statements". Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words of similar substance or the negative thereof, identify forward looking statements. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to the combination of the businesses of the Henderson Group and the Gartmore Group, or of other future acquisitions, are greater than expected; expected cost savings from the transaction or from other future acquisitions are not fully realised or not realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether internationally or in the places the Henderson Group and the Gartmore Group do business are less favourable than expected, and/or conditions in the securities market are less favourable than expected.

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The estimated operational cost savings and financial synergies have been calculated on the basis of the existing cost and operating structures of the companies and by reference to current prices and the current regulatory environment. These statements of estimated cost savings and one-off costs relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings and financial synergies referred to may not be achieved, or those achieved could be materially different from those estimated.

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