

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the Offer or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your New Star Ordinary Shares, please forward this document and the accompanying documentation as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. These documents should not, however, be mailed or otherwise sent into Canada or Japan or any other jurisdiction if to do so would constitute a violation of the laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of New Star Ordinary Shares, you should retain these documents.

JPMorgan Cazenove is acting exclusively for Henderson Group plc ("Henderson Group") and no one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than Henderson Group for providing the protections afforded to clients of JPMorgan Cazenove or for providing advice in relation to the Offer or any other matter described in this document.

UBS Investment Bank is acting exclusively for New Star Asset Management Group PLC ("New Star") and no one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than New Star for providing the protections afforded to clients of UBS Investment Bank or for providing advice in relation to the Offer or any other matter described in this document.

Jefferies International Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for New Star and no one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than New Star for providing the protections afforded to clients of Jefferies International Limited or for providing advice in relation to the Offer or any other matter described in this document.

This document should be read in conjunction with the accompanying Form of Acceptance (if you hold New Star Ordinary Shares in certificated form).

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**Recommended Cash Offer**  
by  
 **Henderson Group plc**  
for  
**New Star Asset Management Group PLC**

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Your attention is drawn to the letter from the Chairman of New Star which contains the recommendation of the New Star Board to accept the Offer and which is set out on pages 4 to 7 of this document.

**The procedure for acceptance of the Offer is set out on pages 16 to 19 of this document and, in respect of certificated New Star Ordinary Shares, in the Form of Acceptance. To accept the Offer in respect of certificated New Star Ordinary Shares, you must complete and return the accompanying Form of Acceptance as soon as possible and, in any event, so as to be received by the Receiving Agent by no later than 1.00pm (London time) on 8 April 2009. A first class reply-paid envelope is enclosed for your convenience and may be used by New Star Ordinary Shareholders for returning a Form of Acceptance from within the UK. Acceptances in respect of uncertificated New Star Ordinary Shares should be made electronically through CREST so that the TTE instruction settles no later than 1.00pm (London time) on 8 April 2009. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.**

The Offer is not being made in or into, and is not capable of acceptance in or from Canada or Japan. Custodians, nominees and trustees should observe these restrictions and should not send or distribute documents in or into Canada or Japan. Any persons (including nominees, trustees and custodians) who may have a legal or contractual obligation to forward this document, the Form of Acceptance and any related documents to any jurisdiction outside the United Kingdom should seek appropriate advice and read paragraph 15 of the letter from Henderson Group set out in Part II of this document and paragraph 8 of Part B of Schedule 1 to this document before doing so.

The Offer is made solely by Henderson Group and neither JPMorgan Cazenove nor any of its affiliates is making the Offer.

**Notice to US holders of New Star Ordinary Shares**

The Offer is being made for the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer is being made in the United States pursuant to

applicable US tender offer rules and otherwise in accordance with the requirements of the City Code. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, the offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

It may be difficult for US holders of New Star Ordinary Shares to enforce their rights and any claim arising out of US federal securities laws, since Henderson Group and New Star are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of New Star Ordinary Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash pursuant to the Offer by New Star Ordinary Shareholders who are US taxpayers will be a taxable transaction for US federal income tax purposes and may be taxable under foreign and other tax laws. Each holder of New Star Ordinary Shares is urged to consult its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer. Please see the section headed "United States federal income taxation" in paragraph 14 of the letter from Henderson Group in Part II of this document.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Henderson Group or its nominees, or its corporate brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, New Star Ordinary Shares outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, JPMorgan Cazenove will continue to act as an exempt market maker in New Star Ordinary Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service of the UK Listing Authority and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

#### **Dealing disclosure requirements**

Under the provisions of Rule 8.3 of the City Code if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of New Star, all "dealings" in any "relevant securities" of New Star, (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of New Star, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of New Star by Henderson Group or New Star, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks in this section are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

#### **TO ACCEPT THE OFFER:**

- 1. If you hold your New Star Ordinary Shares in certificated form, complete the Form of Acceptance in accordance with paragraph 16 of the letter from Henderson Group (see pages 16 to 19). Return the completed Form of Acceptance (along with any certificates and appropriate documents of title) using the enclosed first class reply-paid envelope as soon as possible and, in any event, so as to be received by 1.00pm (London time) on 8 April 2009.**
- 2. If you hold your New Star Ordinary Shares in CREST, you should follow the procedures set out in paragraph 16(h) of the letter from Henderson Group (see page 18).**

<p><b>If you require assistance, please telephone, Computershare, Receiving Agent to the Offer on: 0800 073 3916 (from within the UK) and +44 870 703 0111 (from outside the UK). However, you should be aware that the Receiving Agent cannot provide any financial advice or comment on the merits of the Offer.</b></p>
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**THE FIRST CLOSING DATE OF THE OFFER IS 1.00PM LONDON TIME ON 8 April 2009.**

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**DIRECTORS**

John Duffield  
Howard Covington  
Rupert Ruvigny  
Michael Astor  
John Jay  
Richard Pease  
Mark Skinner  
John Craig, CBE\*  
David Gamble\*  
John Tiner\*

\*Non-executives

**REGISTERED OFFICE**

New Star Asset Management Group PLC  
1 Knightsbridge Green  
London  
SW1X 7NE

11 March 2009

*To: New Star Ordinary Shareholders and, for information only, to holders of options over New Star Ordinary Shares*

Dear Shareholder,

**RECOMMENDED CASH OFFER FOR NEW STAR ASSET MANAGEMENT GROUP PLC BY HENDERSON GROUP PLC**

**1. INTRODUCTION**

On 30 January 2009, the Boards of Henderson Group and New Star announced that they had agreed the terms of the proposed acquisition of New Star by Henderson Group (the "Proposed Acquisition"). The Proposed Acquisition comprises both a recommended cash offer to be made by Henderson Group to acquire all of the issued and to be issued ordinary share capital of New Star (the "Offer") and an agreement by Henderson Group to acquire for cash and New Ordinary Shares all of the preference share capital of New Star to be issued pursuant to the New Star Restructuring (including certain preference shares under options) (the "Preference Share Acquisition").

I am writing to you on behalf of the New Star Board to explain the background to the Offer and to set out the reasons why the New Star Directors consider the terms of the Offer to be fair and reasonable and why the New Star Directors unanimously recommend that New Star Ordinary Shareholders accept the Offer.

**2. THE OFFER**

The Offer, together with details of the procedure for acceptance, is contained in the letter from Henderson Group set out in Part II of this document.

Henderson Group is offering to acquire, on the terms and subject to the conditions and further terms set out in Schedule 1 to this document and, in respect of certificated New Star Ordinary Shares, the Form of Acceptance, all of the issued and to be issued New Star Ordinary Shares on the following basis:

**for each New Star Ordinary Share 2 pence in cash**

The Offer values the existing issued ordinary share capital of New Star at approximately £5.4 million and the entire issued ordinary share capital of New Star (following completion of the New Star Restructuring) at approximately £21.6 million. Although the Preference Share Acquisition may be subject to a price adjustment (as described in paragraph 2.2 of Part II of this document), the Offer will not be subject to any price adjustment mechanism.

In connection with the Offer, Henderson Group has also agreed to acquire, on the terms and subject to the conditions in the Implementation Agreement, all of the New Star Preference Shares to be issued pursuant to the New Star Restructuring (including certain preference shares under options). The Preference Share Acquisition values such preference share capital at approximately £73.4 million (subject to certain adjustments), based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009.

Following completion of the Proposed Acquisition, Henderson Group will procure the repayment of the New Star Group's outstanding indebtedness owed to the Banks, which (following completion of the New Star Restructuring) is expected to be approximately £20 million.

The terms of the Proposed Acquisition imply an enterprise value for New Star of £115 million (subject to the price adjustment described in paragraph 2.2 of Part II of this document and based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009).

### **3. BACKGROUND TO AND REASONS FOR RECOMMENDING THE OFFER**

As the credit crisis has deepened over the last year, a number of New Star's clients have signalled their concerns about New Star's level of debt in the face of a possibly prolonged economic downturn. The New Star Restructuring is intended to address the negative impact of New Star's debt on its business. Further details of the New Star Restructuring are contained in the Restructuring Circular (a copy of which has been sent to you by New Star on the date of this letter), and in the summary of the New Star Investment Agreement contained in section 5 of Schedule 4 to this document.

Despite the proposed New Star Restructuring, the uncertain nature of the financial markets generally and continuing redemptions have led to a significant decline in New Star's assets under management and associated revenues. As a result, New Star sought to identify an acquirer, with a view to preserving the value of its business for all stakeholders.

This process resulted in the Offer, which is conditional upon, among other things, completion of the New Star Restructuring, given the significant current liabilities of the New Star Group. Unless New Star Ordinary Shareholders approve the New Star Restructuring at the Restructuring General Meeting, the Offer will not be capable of becoming wholly unconditional and New Star Ordinary Shareholders will not receive the benefit of the Offer.

If the New Star Restructuring is not approved, the Restructuring Agreements will terminate, the New Star Restructuring will not proceed and the Offer will be incapable of becoming wholly unconditional. In such circumstances, New Star would be unable to comply with its obligations to the Banks under its various borrowing facilities, unless varied, and New Star would immediately enter into further discussions with its lenders. There can be no certainty or confidence as to the timing of any outcome of those discussions with the lenders, or that the outcome would be positive, and the New Star Board therefore believes that, in circumstances where agreement cannot be reached, New Star would be unlikely to be able to continue to trade, although it currently expects that New Star's fund management subsidiaries would continue to trade. In such circumstances it is highly unlikely that the New Star Ordinary Shares would have any value.

Since the announcement of the New Star Restructuring, New Star has maintained its focus on its client service and retention. However, New Star has continued to experience outflows of assets. There can be no certainty that, after the New Star Restructuring, New Star would be returned to profitability on a stand-alone basis.

The Offer provides certainty for New Star's clients, business partners and employees and provides some return to New Star Ordinary Shareholders and the Banks.

### **4. IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT**

Irrevocable undertakings have been received by Henderson Group from the Banks, being the providers of the New Star Group's current banking facilities, who have undertaken, pursuant to the Implementation Agreement, to accept the Offer in respect of their holdings of New Star Ordinary Shares following the proposed New Star Restructuring (expected to be 75 per cent. of the then fully diluted ordinary share capital of New Star) immediately upon the New Star Restructuring becoming effective. The Banks have also agreed to sell all of their holdings of New Star Preference Shares (expected to be 94 per cent. of the fully diluted preference share capital of New Star) to be issued under the proposed New Star Restructuring to Henderson Group under the Preference Share Acquisition.

In addition, irrevocable undertakings have been received from the following New Star Ordinary Shareholders to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Restructuring General Meeting:

- by New Star and the Banks from the Directors of New Star who have irrevocably undertaken to vote in favour of such resolutions in respect of all of the 28,305,499 New Star Ordinary Shares held by them, representing 12.12 per cent. of the votes capable of being cast at the Restructuring General Meeting;
- by New Star and the Banks from certain other New Star Ordinary Shareholders who are employees of members of the New Star Group or are otherwise connected to the New Star Group in respect of a further 24,998,979 New Star Ordinary Shares, representing 10.70 per cent. of the votes capable of being cast at the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholders have given irrevocable undertakings to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at that meeting. These additional irrevocable undertakings have been given on the basis that the relevant New Star Ordinary Shareholders will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by them in favour of the resolutions to be proposed at the Restructuring General Meeting to the extent that they continue to be beneficially interested in such New Star Ordinary Shares at the time of that meeting; and
- by New Star from an institutional New Star Ordinary Shareholder in respect of a further 9,566,111 New Star Ordinary Shares, representing 4.10 per cent. of the votes capable of being cast at the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholder has given an irrevocable undertaking to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at that meeting. This additional irrevocable undertaking has been given on the basis that the relevant New Star Ordinary Shareholder will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by it in favour of the resolutions to be proposed at the Restructuring General Meeting to the extent that it continues to be beneficially interested in such New Star Ordinary Shares at the time of that meeting.

Letters of intent have been received by New Star from certain institutional New Star Ordinary Shareholders in respect of a further 33,066,970 New Star Ordinary Shares, representing 14.16 per cent. of the votes capable of being cast at the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholders have indicated their intention at the date of their respective letters of intent to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Restructuring General Meeting. The letters of intent are not legally binding.

## **5. COMPULSORY ACQUISITION**

Pursuant to the articles of association which it is proposed will be adopted by New Star as part of the New Star Restructuring, the Banks will have the right to require existing New Star Ordinary Shareholders to sell their New Star Ordinary Shares to Henderson Group, on the terms of the Offer. As part of the terms of the Proposed Acquisition, the Banks have agreed with Henderson Group that they will exercise this right and accordingly, if the New Star Restructuring becomes effective and the Offer becomes or is declared wholly unconditional and you do not accept the Offer in respect of some or all of your New Star Ordinary Shares, such New Star Ordinary Shares will be compulsorily acquired and you will receive the same amount of consideration as if you had accepted the Offer. A formal notice to this effect is set out in Part III of this document.

## **6. MANAGEMENT AND EMPLOYEES**

Henderson Group has confirmed that it attaches great importance to the skills and experience of the existing management and employees of New Star and believes that they will benefit from greater opportunities within the Group. The New Star Board welcomes the confirmation from Henderson Group that, following the Offer becoming or being declared wholly unconditional, the existing contractual and statutory employment rights of all management and employees of New Star will be fully safeguarded.

I, along with Howard Covington, Rupert Ruvigny and New Star's non-executive directors, intend to leave New Star once the Offer becomes or is declared wholly unconditional. The other New Star Directors intend to remain with the Enlarged Group following the completion of the Proposed Acquisition, at least for a transitional period. In addition, Henderson Group will work with New Star during the transitional period to ensure the retention of key employees.

Both Henderson Group and New Star are already in redundancy consultation with their respective employees as a result of the prevailing market conditions, and it is likely that these exercises will result in headcount reductions in both the Group and the New Star Group. As part of this process, Henderson Group will review the Enlarged Group's need for offices which may impact on the present locations of New Star's operations.

## **7. NEW STAR SHARE SCHEMES**

The Offer will extend to any New Star Ordinary Shares which are unconditionally allotted or issued before the date on which the Offer closes as a result of the exercise of options granted under the New Star Share Schemes.

Options granted under the New Star Share Schemes become exercisable for a period of six months from the date on which the Offer becomes wholly unconditional. However, the exercise price of all outstanding options granted under the New Star Share Schemes is higher than the price per New Star Ordinary Share payable under the Offer. Thus, if participants in the New Star Share Schemes exercised their options and accepted the Offer in respect of the New Star Ordinary Shares acquired pursuant to the exercise of their options, they would make a loss. Therefore, Henderson Group does not intend to make proposals to participants in the New Star Share Schemes. Any unexercised options will lapse in due course.

## **8. UNITED KINGDOM AND UNITED STATES TAXATION**

Your attention is drawn to the sections headed "United Kingdom taxation" in paragraph 13 and "United States federal income taxation" in paragraph 14 of the letter from Henderson Group in Part II of this document. If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the United Kingdom or the United States, you should consult an independent professional adviser immediately.

## **9. ACTION TO BE TAKEN**

Your attention is drawn to the letter from Henderson Group on pages 8 to 20 of this document, the Schedules to this document and the accompanying Form of Acceptance. The procedure for acceptance of the Offer is set out in paragraph 16 of the letter from Henderson Group and, if you hold your shares in certificated form, in the Form of Acceptance.

If you wish to accept the Offer in respect of certificated New Star Ordinary Shares, you should complete and return the Form of Acceptance in accordance with the instructions printed on it and given in paragraph 16 of the letter from Henderson Group so as to be received by the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH by post or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE as soon as possible and in any event so as to be received by no later than 1.00pm (London time) on 8 April 2009. A first class reply-paid envelope for use in the United Kingdom only is enclosed for your convenience.

If you wish to accept the Offer in respect of uncertificated New Star Ordinary Shares (that is, shares held in CREST) your acceptance should be made electronically through CREST by following the procedure set out in paragraph 16 of the letter from Henderson Group, so that the TTE instruction settles no later than 1.00 pm (London time) on 8 April 2009.

Any acceptance of the Offer in respect of a New Star Ordinary Share prior to the New Star Restructuring becoming effective shall be treated as an acceptance in respect of the relevant New Star Ordinary Share after the New Star Restructuring has become effective.

## **10. RECOMMENDATION**

**The New Star Board, which has been so advised by Jefferies, considers the terms of the Offer to be fair and reasonable. In providing advice to the New Star Board, Jefferies has taken into account the commercial assessments of the New Star Board.**

**Accordingly, the New Star Directors unanimously recommend that New Star Ordinary Shareholders accept the Offer as the New Star Directors intend to do in respect of their entire beneficial holdings, which amount to 28,305,499 New Star Ordinary Shares, representing, in aggregate, 10.54 per cent. of New Star's existing issued ordinary share capital.**

Yours sincerely

**JL Duffield**  
Chairman



(Incorporated and registered in Jersey with registered number 101484)

Registered Office:

47 Esplanade  
St Helier  
Jersey  
JE1 0BD

11 March 2009

To: *New Star Ordinary Shareholders and, for information only, to holders of options over New Star Ordinary Shares.*

Dear Shareholder,

## RECOMMENDED CASH OFFER FOR NEW STAR ASSET MANAGEMENT GROUP PLC BY HENDERSON GROUP PLC

### 1. INTRODUCTION

On 30 January 2009, the Boards of Henderson Group and New Star announced that they had agreed the terms of the proposed acquisition of New Star by Henderson Group (the "Proposed Acquisition"). The Proposed Acquisition comprises both a recommended cash offer to be made by Henderson Group to acquire all of the issued and to be issued ordinary share capital of New Star (the "Offer") and an agreement by Henderson Group to acquire for cash and New Ordinary Shares all of the preference share capital of New Star to be issued pursuant to the New Star Restructuring (including certain preference shares under options) (the "Preference Share Acquisition").

This document and, if you hold certificated New Star Ordinary Shares, the accompanying Form of Acceptance, contain the formal Offer (including its terms and conditions).

New Star Ordinary Shareholders who accept the Offer will be entitled to receive 2 pence in cash per New Star Ordinary Share. The Offer values the existing issued ordinary share capital of New Star at approximately £5.4 million and the fully diluted issued ordinary share capital of New Star (including the New Star Ordinary Shares which will be issued to the Banks as part of the New Star Restructuring) at approximately £21.6 million.

Your attention is drawn to the letter of recommendation in Part I of this document, which sets out the reasons why the New Star Board, which has been so advised by Jefferies, considers the terms of the Offer to be fair and reasonable and why the New Star Board unanimously recommends all New Star Ordinary Shareholders to accept the Offer. In providing advice to the New Star Board, Jefferies has taken into account the commercial assessments of the New Star Board.

Please read paragraph 16 below carefully. This sets out the procedures for acceptance of the Offer. Your attention is drawn, in particular, to the conditions and further terms of the Offer set out in Schedule 1 to this document and, if you hold certificated New Star Ordinary Shares, in the Form of Acceptance. Your attention is also drawn to the financial and other information on Henderson Group and New Star incorporated into this document by reference in Schedule 2 and Schedule 3.

### 2. THE PROPOSED ACQUISITION

#### 2.1 The Offer

Henderson Group is offering to acquire, on the terms and subject to the conditions and further terms set out in Schedule 1 to this document and, in respect of certificated New Star Ordinary Shares, the Form of Acceptance, all of the issued and to be issued New Star Ordinary Shares on the following basis:

**for each New Star Ordinary Share 2 pence in cash**

The Offer values all of the issued and to be issued ordinary share capital of New Star following completion of the New Star Restructuring at approximately £21.6 million, including the 75 per cent. of New Star Ordinary Shares which will be issued to the Banks as part of the New Star Restructuring. Accordingly, if the Offer becomes wholly unconditional, existing New Star Ordinary Shareholders are expected to receive approximately £5.4 million in aggregate. Although the Preference Share Acquisition may be subject to a price adjustment (as described in paragraph 2.2 below), the Offer will not be subject to any price adjustment mechanism.

The Offer extends to New Star Ordinary Shares unconditionally allotted or issued and fully paid on the date of the Offer and any New Star Ordinary Shares which are unconditionally allotted or issued and fully paid (including pursuant to the New Star Restructuring) before the date on which the Offer becomes or is declared wholly unconditional or such earlier date as Henderson Group may, subject to the City Code, decide, not being earlier than the date on which the Offer becomes unconditional as to acceptances.

Henderson Group will acquire New Star Ordinary Shares under the Offer fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or paid after the date of this document.

The conditions to and further terms of the Offer are set out in Schedule 1 to this document. The conditions include, among other things, the completion of the New Star Restructuring and approval of the Proposed Acquisition by Henderson Group Shareholders.

## **2.2 The Preference Share Acquisition**

The Preference Share Acquisition, which will be subject to the terms of the Implementation Agreement described in section 5 of Schedule 4 below, will be made on the following basis:

New Star Preference Shareholders are being offered approximately 0.4 New Ordinary Shares and 48.4 pence in cash for each New Star Preference Share (assuming no price adjustment) which values each New Star Preference Share at 73.4 pence and all of the preference share capital of New Star to be issued pursuant to the New Star Restructuring at approximately £73.4 million (based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009 and the issue of, in aggregate, 40.3 million New Ordinary Shares). This includes the 6 per cent. of preference share capital which will be the subject of options issued to certain directors and employees within the New Star Group and which will be exercisable by such directors and employees after 30 September 2009, subject to certain conditions, following which they will receive the same consideration as the other New Star Preference Shareholders.

The terms of the Preference Share Acquisition provide for an upward or downward adjustment of the number of New Ordinary Shares to be issued to New Star Preference Shareholders by reference to the net management fee income run-rate revenue impact of net fund flows experienced by New Star in the period starting on 26 January 2009 and ending at the last valuation point before the earlier of the day on which the Offer becomes or is declared wholly unconditional and 30 April 2009 (save in respect of non-pooled accounts, when the period shall end on the earlier of the day before the day on which the Offer becomes or is declared wholly unconditional and the day before 30 April 2009). Run-rate revenues at 26 January 2009 were approximately £66 million per annum, comprising net management fee income of £61 million and other income of £5 million. To the extent that the impact of any such net fund flows on New Star's net management fee income equals or exceeds 10 per cent. of such figure during this period, there will be an adjustment to the price of between £5 million (at a 10 per cent. variation) and £20 million, being the maximum adjustment for a variation of 20 per cent. or more. The price will be adjusted by varying the number of New Ordinary Shares to be issued under the Preference Share Acquisition. The terms of the Preference Share Acquisition also provide for a downward adjustment to the cash consideration payable to New Star Preference Shareholders by the amount (if any) that the closing unrestricted cash balance of New Star on the day prior to the day on which the Offer becomes or is declared wholly unconditional (or, if earlier, 15 May 2009) is less than £20 million.

The terms of the Proposed Acquisition imply an enterprise value for New Star of £115 million (subject to the price adjustment referred to above and based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009) which comprises approximately:

- £21.6 million for the issued and to be issued ordinary share capital of New Star, including the 75 per cent. of New Star Ordinary Shares which will be issued to the Banks as part of the New Star Restructuring;
- £73.4 million for the preference share capital of New Star to be issued pursuant to the New Star Restructuring (including preference shares in respect of which options will be granted to certain directors and employees within the New Star Group); and
- £20 million to repay the outstanding indebtedness of New Star owed to the Banks following the New Star Restructuring.

The following table shows the upward or downward adjustment of the number of New Ordinary Shares to be issued to New Star Preference Shareholders under the Preference Share Acquisition (including to the holders of options over New Star Preference Shares to be granted to certain directors and employees within the New Star Group, on the assumption that all such options will be exercised) by reference to the impact of the net fund flows on New Star's net management fee income run-rate revenues during the relevant period and the consequent impact on the consideration being offered under the Preference Share Acquisition:

<b>Impact on net management fee income run-rate revenues from net funds flows</b>	+20%	+10%	0%	-10%	-20%
<b>Number of New Ordinary Shares to be issued under the Preference Share Acquisition</b>	72.6m	48.4m	40.3m	32.3m	8.1m
<b>Value of New Ordinary Shares<sup>1</sup></b>	£45m	£30m	£25m	£20m	£5m
<b>Total value of Preference Shares<sup>1</sup></b>	£93.4m	£78.4m	£73.4m	£68.4m	£53.4m

Note:

1. Based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009.

Therefore, the maximum number of New Ordinary Shares that may be issued under the Preference Share Acquisition is 72.6 million.

### 2.3 Repayment of outstanding debt

As a result of the New Star Restructuring, the New Star Group is expected to have £20 million of indebtedness to the Banks and Henderson Group will procure its repayment under the terms of the Proposed Acquisition.

## 3. IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

Irrevocable undertakings have been received by Henderson Group from the Banks, being the providers of the New Star Group's current banking facilities, who have undertaken to accept the Offer in respect of their holdings of New Star Ordinary Shares following the proposed New Star Restructuring (expected to be 75 per cent. of the then fully diluted ordinary share capital of New Star) immediately upon the New Star Restructuring becoming effective pursuant to the Implementation Agreement. The Banks have also agreed to sell all of their holdings of New Star Preference Shares (expected to be 94 per cent. of the fully diluted preference share capital of New Star) to be issued under the proposed New Star Restructuring to Henderson Group under the Preference Share Acquisition.

In addition, irrevocable undertakings have been received from the following New Star Ordinary Shareholders to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Restructuring General Meeting:

- by New Star and the Banks from the Directors of New Star who have irrevocably undertaken to vote in favour of such resolutions in respect of all of the 28,305,499 New Star Ordinary Shares held by them, representing 12.12 per cent. of the votes capable of being cast at the Restructuring General Meeting;
- by New Star and the Banks from certain other New Star Ordinary Shareholders who are employees of members of the New Star Group or are otherwise connected to the New Star Group in respect of a further 24,998,979 New Star Ordinary Shares, representing 10.70 per cent. of the votes capable of being cast at the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholders have given irrevocable undertakings to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at that meeting. These additional irrevocable undertakings have been given on the basis that the relevant New Star Ordinary Shareholders will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by them in favour of the resolutions to be proposed at the Restructuring General Meeting to the extent that they continue to be beneficially interested in such New Star Ordinary Shares at the time of that meeting; and
- by New Star from an institutional New Star Ordinary Shareholder in respect of a further 9,566,111 New Star Ordinary Shares, representing 4.10 per cent. of the votes capable of being cast at the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholder has given an irrevocable undertaking to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at that meeting. This additional irrevocable undertaking has been given on the basis that the relevant New Star Ordinary Shareholder will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by it in favour of the resolutions to be proposed at the Restructuring General Meeting to the extent that it continues to be beneficially interested in such New Star Ordinary Shares at the time of that meeting.

Letters of intent have been received by New Star from certain institutional New Star Ordinary Shareholders in respect of a further 33,066,970 New Star Ordinary Shares, representing 14.16 per cent. of the votes capable of being cast at the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholders have indicated their intention at the date of their respective letters of intent to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Restructuring General Meeting. The letters of intent are not legally binding.

#### **4. BACKGROUND TO AND REASONS FOR THE OFFER**

The Henderson Group Board believes that the Proposed Acquisition will strengthen significantly the position of Henderson Global Investors in the UK retail fund management market.

New Star is a well recognised UK retail fund management group, with a strong distribution network and a broad portfolio of products, funds, clients and investment capabilities. New Star has a strong presence in UK mutual funds and also has a range of institutional mandates and hedge funds. AUM span a range of investment classes, including equities, fixed income and property. Since its foundation in 2000, New Star has distinguished itself by the effectiveness of its sales and marketing. The Henderson Group Board believes that these attributes, combined with Henderson Global Investors' existing capabilities in these areas, will strengthen both businesses.

The expected key benefits for Henderson Global Investors from the Proposed Acquisition include:

- an increased scale and distribution capability in the UK retail fund management market;
- the complementary nature of New Star's broad range of mutual funds to Henderson Global Investors' own range;
- the opportunity to expand Henderson Global Investors' direct property business into the retail investor market;
- an increased presence in the US institutional market;
- the strengthening of Henderson Global Investors' investment capabilities with the addition of key talent;
- cost efficiencies through headcount reduction and the transfer of New Star's business onto Henderson Global Investors' operating platforms<sup>1</sup>; and
- the potential for significant earnings enhancement by 2010 through the acquisition of a business capable of being serviced at a marginal cost to income ratio of 40 per cent. or better<sup>2</sup>.

#### **5. INTEGRATION AND FINANCIAL BENEFITS OF THE PROPOSED ACQUISITION**

New Star had AUM of approximately £10 billion as at 26 January 2009, after allowing for the loss of the Family Assurance management contract, with associated run-rate revenues of approximately £66 million per annum (comprising net management fee income of £61 million and £5 million of other income). Whilst New Star's AUM have reduced significantly during 2008 as a result of market movements and client redemptions, the Henderson Group Board believes that, under Henderson Group's ownership, this portfolio of funds and mandates should stabilise by removing the corporate uncertainty that is currently affecting the New Star Group's business. Over the medium term, the combination is expected by the Henderson Group Board to enhance substantially the growth potential of Henderson Global Investors' retail and institutional businesses.

Henderson Global Investors intends to migrate New Star's business onto Henderson Global Investors' operating platforms. The total one-off costs of integration are expected to be approximately £31 million after tax. New Star is expected to have not less than £20 million of cash on completion of the Proposed Acquisition to settle certain liabilities in New Star post completion.

Following the full integration of the businesses, the Henderson Group Board expects that the New Star AUM are capable of being serviced at a marginal cost to income ratio of 40 per cent. or better. On the basis of conservative assumptions around fund flows, the Henderson Group Board expects the Proposed Acquisition to be significantly earnings enhancing by 2010<sup>2</sup>.

#### **6. INFORMATION ON HENDERSON GROUP**

Henderson Group is the holding company of the investment management group Henderson Global Investors. Henderson Group (or its predecessor company, HGI Group Limited) has since December 2003 been listed on the LSE and ASX – appearing in the FTSE 250 and ASX 200 indices. Henderson Group has approximately 124,000 shareholders worldwide. Since 31 October 2008, Henderson Group has been incorporated in Jersey and tax-resident solely in the Republic of Ireland.

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Notes:

1. Statements of estimated cost savings and one-off costs for achieving them relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings referred to may not be achieved, or those achieved could be materially different from those estimated.
  2. Statements that the Proposed Acquisition will be earnings enhancing are not and do not constitute a profit forecast and should not be interpreted to mean that the Henderson Group's or the Enlarged Group's earnings per share in the first full financial year following the Proposed Acquisition, or in any subsequent period, will necessarily match or be greater than the historical published earnings per share of Henderson Group or New Star.
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Established in 1934 to administer the estates of Alexander Henderson, the first Lord Faringdon, Henderson Global Investors is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. The Group is one of Europe's largest investment managers, with £49.5 billion assets under management and employs 891 people worldwide (at 31 December 2008).

In 2008, the Group earned profits before tax and non-recurring items of £80.3 million. The Group had net assets of £293.1 million as at 31 December 2008.

## 7. INFORMATION ON NEW STAR

The New Star Group is an asset management group whose principal activity is the provision of asset management products and services to retail and institutional investors. New Star is a well recognised UK retail fund management group with a strong distribution network and a broad portfolio of products, funds, clients and investment capabilities. Founded in 2000 by John Duffield as a dedicated investment house specialising in active fund management, the business grew rapidly in its early years and made three separate asset acquisitions in 2003 which added approximately £2.9 billion of AUM. Since its foundation, New Star has distinguished itself by the effectiveness of its sales and marketing.

New Star has been listed on the Official List and admitted to the LSE's main market for listed securities since June 2007, having first been admitted to trading on AIM in November 2005. New Star was delisted from the Official List and ceased to be admitted to trading on the LSE's main market for listed securities on 10 March 2009.

New Star has a strong presence in UK mutual funds and also has a range of institutional mandates and hedge funds. AUM span a range of investment classes, including equities, fixed income and property. At 31 December 2008, New Star's AUM<sup>1</sup> was £11.1 billion split by client category as follows:

	%
Mutual funds	51
Institutional	36
Alternative assets	8
Other <sup>2</sup>	5
	100

New Star's principal place of business is London. New Star also has offices in Bermuda, Dublin, Hong Kong, Madrid, Milan and Zurich.

During 2008, New Star's business suffered from the effects of the credit crunch and the fall in stock markets around the world. In addition, some poor investment performance, uncertain markets and concerns over New Star's financial position resulted in New Star suffering net fund outflows of £4.6 billion and a significant reduction in AUM from £23.1 billion at 31 December 2007 to £11.1 billion<sup>1</sup> at 31 December 2008.

In 2008, New Star reported net revenues of £127 million, operating earnings (being profit before tax, interest, exceptional items and amortisation of intangibles) of £41 million, exceptional items of £50 million and losses before taxation of £53 million. At 31 December 2008, New Star had gross assets of £136 million and net liabilities of £253 million. Following completion of the New Star Restructuring, on a pro-forma basis, New Star will, after adopting Henderson Group's accounting policies, have net assets of £0.8 million.

## 8. CURRENT TRADING AND PROSPECTS

### 8.1 Henderson Group

Presently market levels are significantly below the average levels of 2008 and the Henderson Group Board expects this situation to persist in the short to medium term. Therefore, 2009 is likely to be more challenging for earnings than 2008. However, Henderson Global Investors' competitive long-term investment performance, diversity of revenues and active cost management should provide some support.

#### Notes:

1. After allowing for the loss of the Family Assurance management contract.
2. Other includes closed-end funds, a Luxembourg SICAV, funds of in-house managed funds and private clients

Henderson Group remains committed to providing clients with higher value-add investment products in all market conditions. Although the future focus will be on generating profitable organic growth, prevailing markets offer other opportunities, at attractive prices for Henderson Group Shareholders, to extend Henderson Global Investors' product offering and increase market share. Overall, the Group remains in satisfactory shape despite the economic climate.

## **8.2 New Star**

New Star continues to be adversely affected by difficult market conditions. As a result, the New Star Group's AUM have fallen to £9.0 billion at 27 February 2009 down from £11.1 billion at 31 December 2008, in each case after allowing for the loss of the Family Assurance management contract. This fall in AUM results from retail net outflows of £358 million and other net outflows of £663 million in the period since 31 December 2008 and market related movements of £(1.1) billion. The value of funds redeemed from the New Star Group's UK retail funds during January and February 2009 remains significant but is below the value of funds redeemed during November and December 2008.

## **9. FINANCING**

The Proposed Acquisition will be funded by:

- Henderson Group's internal cash resources of approximately £44 million;
- net proceeds of approximately £46 million from the Placing; and
- subject to approval by Henderson Group Shareholders and to Admission, the issue of approximately 40.3 million New Ordinary Shares (assuming no price adjustment) valued at £25 million (based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009), to the New Star Preference Shareholders pursuant to the Preference Share Acquisition, and to certain directors and employees within the New Star Group who will be granted options over New Star Preference Shares (on the assumption that all such options will be exercised).

The Banks, together being the providers of the New Star Group's current banking facilities, have agreed the terms of a new three-year £25 million revolving credit facility for Henderson Group, conditional on completion of the Proposed Acquisition.

## **10. NEW STAR MANAGEMENT AND EMPLOYEES**

Henderson Group attaches great importance to the skills and experience of the existing management and employees of the New Star Group and believes that they will benefit from greater opportunities within the Group. Henderson Group confirms that, following the Offer becoming or being declared wholly unconditional the existing contractual and statutory employment rights of all management and employees of New Star will be fully safeguarded. Henderson Group will review the Enlarged Group's need for offices which may impact on the present locations of New Star's operations.

John Duffield, Howard Covington, Rupert Ruvigny and the New Star Group's existing non-executive directors intend to leave New Star once the Offer becomes or is declared wholly unconditional. The other New Star Directors intend to remain with the Enlarged Group following the completion of the Proposed Acquisition, at least for a transitional period. In addition, Henderson Group will work with New Star during the transitional period to ensure the retention of key employees.

Both Henderson Group and New Star are already in redundancy consultation with their respective employees as a result of the prevailing market conditions, and it is likely that these exercises will result in headcount reductions in both the Group and the New Star Group.

## **11. NEW STAR SHARE SCHEMES**

The Offer will extend to any New Star Ordinary Shares which are unconditionally allotted or issued before the date on which the Offer closes as a result of the exercise of options granted under the New Star Share Schemes.

Options granted under the New Star Share Schemes become exercisable for a period of six months from the date on which the Offer becomes unconditional in all respects. However, the exercise price of all outstanding options granted under the New Star Share Schemes is higher than the price per New Star Ordinary Share payable under the Offer. Thus, if participants in the New Star Share Schemes exercised their options and accepted the Offer in respect of the New Star Ordinary Shares acquired pursuant to the exercise of their options, they would make a loss. Therefore, Henderson Group does not intend to make proposals to participants in the New Star Share Schemes. Any unexercised options will lapse in due course.

## 12. HENDERSON GROUP SHAREHOLDER APPROVAL

The Proposed Acquisition is conditional on, among other things, the approval of certain resolutions by Henderson Group Shareholders. The Henderson Group General Meeting has been convened for the purposes of seeking approval for these resolutions. The Henderson Group Board is unanimously recommending that Henderson Group Shareholders vote in favour of the resolutions to be proposed at the Henderson Group General Meeting.

## 13. UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only and are based on current United Kingdom legislation and HMRC practice, summarise certain limited aspects of the United Kingdom taxation treatment of acceptance of the Offer. They relate only to the position of New Star Ordinary Shareholders who are resident and, if individuals, ordinarily resident in the United Kingdom and domiciled in the United Kingdom for taxation purposes and who hold their New Star Ordinary Shares beneficially as an investment. The tax position of certain categories of New Star Ordinary Shareholders who are subject to special rules (such as persons who acquired, or are deemed to have acquired, their New Star Ordinary Shares by reason of an office or employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

### 13.1 Taxation of chargeable gains

A New Star Ordinary Shareholder's liability to United Kingdom taxation of chargeable gains in respect of the disposal of New Star Ordinary Shares pursuant to the Offer will depend on that shareholder's particular circumstances.

A New Star Ordinary Shareholder receiving cash under the Offer will be treated as having made a disposal of his shareholding for the purposes of UK taxation of chargeable gains. Such a disposal may give rise to a liability to UK taxation of chargeable gains or an allowable loss depending on, among other matters, that New Star Ordinary Shareholder's particular circumstances (including the availability of exemptions, reliefs and allowable losses) and the New Star Ordinary Shareholder's base cost in his holding of New Star Ordinary Shares.

### 13.2 New Star Share Schemes

Special tax provisions may apply to New Star Ordinary Shareholders who have acquired or acquire their New Star Ordinary Shares by exercising options under the New Star Share Schemes, including provisions imposing a charge to income tax when such an option is exercised. Such New Star Ordinary Shareholders are advised to seek independent professional advice.

### 13.3 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No stamp duty or SDRT should be payable by New Star Ordinary Shareholders as a result of accepting the Offer.

**If you are in any doubt as to your taxation position, or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser immediately.**

## 14. UNITED STATES FEDERAL INCOME TAXATION

The following discussion is a summary under present law of certain US federal income tax considerations for US Shareholders (as defined below) that receive cash as consideration for their New Star Ordinary Shares in the Offer or pursuant to a compulsory acquisition. This summary is not a comprehensive description of all tax considerations that may be relevant to a particular holder. It addresses only US Shareholders who hold New Star Ordinary Shares as capital assets and use the US dollar as their functional currency. It does not address the tax treatment of US Shareholders subject to special rules, such as banks, dealers, traders in securities that elect to mark to market, insurance companies, tax-exempt entities, regulated investment companies, persons that at any time have held directly, indirectly or constructively 10 per cent. or more of the share capital of New Star, persons holding New Star Ordinary Shares as part of a hedging, straddle, conversion, integrated or constructive ownership or sale transaction, persons who received New Star Ordinary Shares in connection with the performance of services, persons subject to the alternative minimum tax, persons resident or ordinarily resident in the United Kingdom or persons holding New Star Ordinary Shares through a permanent establishment or fixed base outside of the United States. The discussion does not address US state and local tax considerations. This discussion assumes that New Star is not and has never been, a passive foreign investment company ("PFIC") for US federal income tax purposes.

**THE STATEMENTS ABOUT US FEDERAL INCOME TAX CONSIDERATIONS CONTAINED IN THIS DOCUMENT ARE MADE TO SUPPORT MARKETING OF THE OFFER. NO TAXPAYER CAN RELY ON THEM TO AVOID US FEDERAL TAX PENALTIES. EACH NEW STAR ORDINARY SHAREHOLDER SHOULD CONSULT AN INDEPENDENT TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT UNDER THE LAWS OF THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE NEW STAR ORDINARY SHAREHOLDER MAY BE SUBJECT TO TAXATION.**

For purposes of this summary, a “US Shareholder” is a beneficial owner of New Star Ordinary Shares that is for US federal income tax purposes (i) a citizen or individual resident of the United States; (ii) a corporation created or organised under the laws of the United States or its political subdivisions; (iii) an estate the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust subject to the control of a US person and the primary supervision of a US court.

The US federal income tax treatment of a partner in a partnership that holds New Star Ordinary Shares will depend on the status of the partner and the activities of the partnership. Partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of a disposition pursuant to the Offer or a compulsory acquisition.

#### **14.1 Disposition of New Star Ordinary Shares**

The receipt of cash in exchange for New Star Ordinary Shares pursuant to the Offer or a compulsory acquisition will be a taxable transaction for US federal income tax purposes. Except as otherwise required by the passive foreign investment company rules discussed below, a US Shareholder generally will recognise capital gain or loss equal to any difference between the US dollar value of the cash amount received and the US Shareholder’s adjusted tax basis in New Star Ordinary Shares. Gain or loss must be determined separately for each block of New Star Ordinary Shares. The gain or loss generally will be from sources within the United States. It will be long-term capital gain or loss if the US Shareholder has held the New Star Ordinary Shares for more than one year at the time of the disposition. Long-term capital gains of individuals and certain other non-corporate US Shareholders are taxed at preferential rates. Deductions for capital losses are subject to limitations.

#### **14.2 Passive Foreign Investment Company**

This discussion assumes that New Star is not, and has never been, a PFIC for US federal income tax purposes. A non-US company is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75 per cent. of its gross income is passive income; or (ii) at least 50 per cent. of the average value of its assets is attributable to assets that produce or are held to produce passive income. If New Star is or has been a PFIC, (i) a US Shareholder’s gain on disposition of the New Star Ordinary Shares would be allocated ratably over the US Shareholder’s holding period; (ii) amounts allocated to the current year or years before New Star became a PFIC would be taxed as ordinary income; and (iii) amounts allocated to other years would be taxed at the highest applicable marginal rate for those years plus an interest charge imposed to recover the deemed benefit from deferred payment of the tax. Henderson Group is not in a position to determine whether New Star is or has been a PFIC, and US Shareholders should therefore consult their own tax advisers about the status of New Star during all periods when they held New Star Ordinary Shares.

#### **14.3 Foreign exchange gain or loss**

The amount that a US Shareholder realises upon disposition of the New Star Ordinary Shares generally will be the US dollar value of the foreign currency received as of the date on which the Offer becomes or is declared unconditional as to acceptances. A US Shareholder will have a basis in the foreign currency received equal to the US dollar amount realised on the settlement date. Any gain or loss realised by a US Shareholder on a subsequent conversion or other disposition of the foreign currency for a different amount generally will be ordinary income or loss from US sources.

#### **14.4 Special reporting requirements**

US Shareholders may be required to report, with their tax return for the tax year during which they disposed of New Star Ordinary Shares, specific information relating to their acquisition, ownership and disposition of those shares. Regulations on tax shelter transactions may require specific disclosure of any loss on the New Star Ordinary Shares. A significant penalty will be imposed on taxpayers who fail to make required disclosure. US Shareholders are urged to consult their tax advisers about these and all other specific reporting requirements.

#### **14.5 Information reporting and backup withholding**

Proceeds from the disposition of New Star Ordinary Shares within the United States or through certain US-related financial intermediaries may be reported to the US Internal Revenue Service (“IRS”) unless the US Shareholder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the US Shareholder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption. A US Shareholder can claim a credit against US federal income tax liability for amounts withheld, and it can claim a refund of amounts in excess of its liability by providing required information to the IRS.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR US SHAREHOLDER. EACH NEW STAR ORDINARY SHAREHOLDER SHOULD CONSULT ITS OWN TAX ADVISER ABOUT THE PARTICULAR TAX CONSEQUENCES TO IT OF THE OFFER AND COMPULSORY ACQUISITION.**

## 15. OVERSEAS SHAREHOLDERS

The attention of Overseas Shareholders (and any person, including without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection with the Offer outside the United Kingdom) is drawn to paragraph 8 of Part B and to paragraph (b) of Part C of Schedule 1 to this document (for holders of New Star Ordinary Shares in certificated form) and to paragraph (b) of Part D of Schedule 1 to this document (for holders of New Star Ordinary Shares in uncertificated form) and, in respect of certificated New Star Ordinary Shares, to the relevant provisions of the Form of Acceptance.

The Offer is not being made, in or into, and is not capable of acceptance in or from Canada or Japan, or any other jurisdiction if to do so would constitute a violation of the laws of such jurisdiction. Custodians, nominees and trustees should observe these restrictions and should not send or distribute documents in or into Canada or Japan. Any persons (including nominees, trustees and custodians) who may have a legal or contractual obligation to forward this document, the Form of Acceptance and any related documents to any jurisdiction outside the United Kingdom should seek appropriate advice and read paragraph 8 of Part B of Schedule 1 to this document before doing so.

The Offer is being made solely by Henderson Group and neither JPMorgan Cazenove nor any of its affiliates is making the Offer.

### ***Notice to US holders of New Star Ordinary Shares***

The Offer is being made for the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer is being made in the United States pursuant to applicable US tender offer rules and otherwise in accordance with the requirements of the City Code. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

It may be difficult for US holders of New Star Ordinary Shares to enforce their rights and any claim arising out of the US federal securities laws, since Henderson Group and New Star are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of New Star Ordinary Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash pursuant to the Offer by New Star Ordinary Shareholders who are US taxpayers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of New Star Ordinary Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Offer. Please see the section "United States federal income taxation" in paragraph 14 of the letter from Henderson Group in Part II of this document.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Henderson Group or its nominees, or its corporate brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, New Star Ordinary Shares outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, JPMorgan Cazenove will continue to act as an exempt market maker in New Star Ordinary Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service of the UK Listing Authority and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

## 16. PROCEDURE FOR ACCEPTANCE OF THE OFFER

This section should be read in conjunction with Schedule 1 and, in respect of certificated New Star Ordinary Shares, the notes on the Form of Acceptance.

Holders of New Star Ordinary Shares in certificated form (i.e. not in CREST) may only accept the Offer in respect of such shares by completing and returning the enclosed Form of Acceptance in accordance with the procedure set out in paragraphs 16(a) to 16(e) below. Holders of New Star Ordinary Shares held in certificated form, but under different designations, should complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from the Receiving Agent.

Holders of New Star Ordinary Shares in uncertificated form (i.e. in CREST) may only accept the Offer in respect of such shares by TTE instruction in accordance with the procedure set out in paragraph 16(g) to (k) below. If those

New Star Ordinary Shares are held under different member account IDs, a separate TTE instruction should be sent for each member account ID.

**If you are in any doubt as to the procedure for acceptance, please contact Computershare by telephone on 0800 073 3916 or, if calling from outside the UK, on +44 870 703 0111 or in writing at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.**

#### **NEW STAR ORDINARY SHARES HELD IN CERTIFICATED FORM (i.e. NOT IN CREST)**

##### **(a) Completion of the Form of Acceptance**

To accept the Offer in respect of New Star Ordinary Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer. You should complete a separate Form of Acceptance for New Star Ordinary Shares held in certificated form but under different designations.

Additional Forms of Acceptance are available from the Receiving Agent at the address set out above. The instructions for completing a Form of Acceptance apply, where relevant, to each separate Form of Acceptance completed.

##### **(b) To accept the Offer**

To accept the Offer in respect of your New Star Ordinary Shares, you must complete Box 1, Box 2, Box 3 and, if appropriate, Boxes 4 and 5 on the Form of Acceptance. In all cases you must sign Box 3 on the Form of Acceptance including, if you are an individual, in the presence of a witness, who should also sign in accordance with the instructions printed on it. Any New Star Ordinary Shareholder which is a company should execute the Form of Acceptance in accordance with the instructions printed on it. **If you do not insert a number in Box 2 your acceptance will be deemed to be in respect of all New Star Ordinary Shares you hold.**

##### **(c) Return of Form of Acceptance**

To accept the Offer, the completed Form of Acceptance must be returned, together with your share certificate(s) and/or other document(s) of title for your New Star Ordinary Shares, to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH by post or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE as soon as possible and in any event so as to be received by no later than 1.00pm (London time) on 8 April 2009. A first class reply-paid envelope is enclosed for your convenience and may be used by New Star Ordinary Shareholders for returning a Form of Acceptance from within the UK. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in Canada or Japan or otherwise appearing to Henderson Group or its agents to have been sent from either of these jurisdictions may be rejected as an invalid acceptance of the Offer. For further information on overseas shareholders, please see section 15 above.

##### **(d) Share certificates not readily available or lost**

If your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should still be completed, signed and returned as stated above so as to arrive by no later than 1.00pm (London time) on 8 April 2009. You should send any share certificate(s) and/or other document(s) of title that you have available, accompanied by a letter stating that the balance will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should submit the relevant share certificate(s) and/or other document(s) of title as soon as possible. No acknowledgement of receipt of document(s) will be given.

In the case of loss, you should write as soon as possible to New Star's Registrars, Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to the Receiving Agent as set out in paragraph 16(c) above.

##### **(e) Validity of acceptances**

Without prejudice to Part B and Part C of Schedule 1 to this document, subject to the provisions of the City Code, Henderson Group reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Henderson Group have been received.

**(f) Overseas Shareholders**

The attention of New Star Ordinary Shareholders holding New Star Ordinary Shares in certificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 8 of Part B of Schedule 1.

**NEW STAR ORDINARY SHARES HELD IN UNCERTIFICATED FORM (i.e. IN CREST)**

**(g) General**

If your New Star Ordinary Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the New Star Ordinary Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00pm (London time) on 8 April 2009. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) – you should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph (g) will (subject to satisfying the requirements set out in Parts B and D of Schedule 1) constitute an acceptance of the Offer in respect of the number of New Star Ordinary Shares so transferred to escrow.

**If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action.** Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your New Star Ordinary Shares.

After settlement of a TTE instruction, you will not be able to access the New Star Ordinary Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared wholly unconditional, the Escrow Agent will transfer the New Star Ordinary Shares concerned to itself in accordance with paragraph (f) of Part D of Schedule 1 to this document.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that you take all necessary action (or by your CREST sponsor) to enable a TTE instruction relating to your New Star Ordinary Shares to settle prior to 1.00pm (London time) on 8 April 2009. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

**(h) To accept the Offer**

To accept the Offer in respect of New Star Ordinary Shares held in uncertificated form, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to Euroclear in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN for the New Star Ordinary Shares. This is GB00B1VJF742;
- the number of New Star Ordinary Shares in respect of which you wish to accept the Offer (i.e. the number of New Star Ordinary Shares to be transferred to escrow);
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent. This is 3RA34;
- the member account ID of the Escrow Agent for the Offer. This is NSAHGP01;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00pm on 8 April 2009;
- the corporate action number of the Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- input with a standard delivery instruction priority of 80; and
- the contact name and telephone number in the shared note field.

**(i) Validity of acceptances**

A Form of Acceptance which is received in respect of New Star Ordinary Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded. Holders of New Star Ordinary Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before 1.00pm (London time) on that date. Without prejudice to Part B and Part C of Schedule 1 to this document, subject to the provisions of the City Code, Henderson Group reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order. In that event, no payment of cash under the Offer will be made until after the relevant provisions satisfactory to Henderson Group are made or indemnities satisfactory to Henderson Group have been received.

**(j) Overseas shareholders**

The attention of New Star Ordinary Shareholders holding New Star Ordinary Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 8 of Part B and paragraph (b) of Part D of Schedule 1.

**GENERAL**

**(k) Henderson Group will make an appropriate announcement if any of the details contained in this paragraph 16 alter for any reason.**

Normal CREST procedures (including timings) apply in relation to any New Star Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of New Star Ordinary Shares or otherwise). New Star Ordinary Shareholders who are proposing so to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) or other documents of title or transfers to an escrow balance as described above) prior to 1.00pm (London time) on 8 April 2009.

**If you are in any doubt as to the procedure for acceptance, please contact Computershare by telephone on 0800 073 3916, or if calling from outside the UK, on +44 870 703 0111, or in writing at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.**

**17. SETTLEMENT**

Subject to the Offer becoming or being declared wholly unconditional (except as provided in paragraph 8 of Part B of Schedule 1 to this document in the case of certain Overseas Shareholders) settlement of the consideration to which any New Star Ordinary Shareholder is entitled under the Offer will be effected: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared wholly unconditional within five Business Days of such date; or (ii) in the case of acceptances of the Offer received, complete in all respects, after the date on which the Offer becomes or is declared wholly unconditional but while it remains open for acceptance, within five Business Days of such receipt, in the following manner (save when before such time, the relevant New Star Ordinary Shares have been compulsorily acquired as set out in paragraph 18 of this letter, in which case the settlement of the relevant consideration will be effected within five Business Days of such compulsory acquisition):

**(a) New Star Ordinary Shares in certificated form (i.e. not in CREST)**

Where an acceptance relates to New Star Ordinary Shares in certificated form, settlement of any cash due will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting New Star Ordinary Shareholders or their appointed agents (but not into Canada or Japan). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

**(b) New Star Ordinary Shares in uncertificated form (i.e. in CREST)**

Where an acceptance relates to New Star Ordinary Shares in uncertificated form, the cash consideration to which the accepting New Star Ordinary Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting New Star Ordinary Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. Henderson Group reserves the right to settle all or any part of the consideration referred to in this paragraph 17(b) for all or any accepting New Star Ordinary Shareholder(s), in the manner referred to in paragraph 16, if, for any reason, it wishes to do so.

**(c) General**

If the Offer does not become or is not declared wholly unconditional:

- (i) in the case of New Star Ordinary Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address (outside Canada or Japan) is set out in Box 1 or, if appropriate, Box 5 on the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (provided that no such documents will be sent to an address in Canada or Japan); and
- (ii) in the case of New Star Ordinary Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days after the lapsing of the Offer), give TFE instructions to Euroclear to transfer all New Star Ordinary Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the New Star Ordinary Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from New Star Ordinary Shareholders or their appointed agents will be sent at their own risk.

**18. COMPULSORY ACQUISITION**

Pursuant to the articles of association which it is proposed will be adopted by New Star as part of the New Star Restructuring, the Banks will have the right to require existing New Star Ordinary Shareholders to sell their New Star Ordinary Shares to Henderson Group, on the terms of the Offer. As part of the terms of the Proposed Acquisition, the Banks have agreed with Henderson Group that they will exercise this right and accordingly, if the New Star Restructuring becomes effective and the Offer becomes or is declared wholly unconditional and you do not accept the Offer in respect of some or all of your New Star Ordinary Shares, such New Star Ordinary Shares will be compulsorily acquired and you will receive the same amount of consideration as if you had accepted the Offer. A formal notice to this effect is set out in Part III of this document.

If the circumstances above do not apply, upon the Offer becoming, or being declared wholly unconditional and sufficient acceptances being received, Henderson Group intends to apply the provisions of sections 974 to 991 of the Companies Act 2006 to acquire compulsorily the outstanding New Star Ordinary Shares on the same terms as the Offer.

**19. FURTHER INFORMATION**

The conditions and further terms of the Offer are set out in full in Schedule 1 to this document. Your attention is drawn to the further information in the Schedules, which form part of this document, and, if your New Star Ordinary Shares are in certificated form, to the accompanying Form of Acceptance which should be read in conjunction with this document.

**20. ACTION TO BE TAKEN**

**To accept the Offer in respect of certificated New Star Ordinary Shares you must complete the Form of Acceptance in accordance with the instructions printed on it and return it together with your share certificate(s) or other document(s) of title to Computershare at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH by post or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE as soon as possible, but in any event so as to arrive by no later than 1.00pm (London time) on 8 April 2009. Acceptances in respect of uncertificated New Star Ordinary Shares should be made electronically through CREST so that the TTE instruction settles not later than 1.00pm (London time) on 8 April 2009.**

**Any acceptance of the Offer in respect of a New Star Ordinary Share prior to the New Star Restructuring becoming effective shall be treated as an acceptance in respect of the relevant New Star Ordinary Share after the New Star Restructuring has become effective.**

Yours sincerely,

**Rupert Pennant-Rea**  
for and on behalf of Henderson Group plc

## PART III – FORMAL NOTICE OF COMPULSORY ACQUISITION

### NEW STAR ASSET MANAGEMENT GROUP PLC

*(Incorporated under the Companies Act 1985 and registered in England and Wales under number 6047952)*

### DRAG NOTICE – NOTICE OF A DRAG ALONG SALE

11 March 2009

#### 1. DEFINITIONS

In this notice the following words and expressions shall have the following meanings:

“A Ordinary Shares”	means A ordinary shares of £0.05 in the capital of the Company;
“Banks”	means Bank of Scotland plc, The Royal Bank of Scotland plc, HSBC Bank plc, Lloyds TSB Bank plc and National Australia Bank Limited, and “Bank” shall mean any one of them;
“Business Day”	means a day (other than a Saturday or Sunday) on which banks generally are open in London for the transaction of normal banking business;
“Company”	means New Star Asset Management Group PLC (Company No. 6047952);
“Drag Along Sale”	has the meaning given to that expression in the New Articles;
“Dragged Shareholder”	has the meaning given to that expression in the New Articles;
“Drag Notice”	has the meaning given to that expression in the New Articles;
“Encumbrance”	has the meaning given to that expression in the New Articles;
“Henderson Offer”	means an offer made by Henderson to acquire all of the issued and to be issued Ordinary Shares at a price of 2 pence per Ordinary Share;
“Henderson Offer Document”	means a document dated on or around 11 March 2009 and addressed to Shareholders setting out the terms of the Henderson Offer;
“Implementation Agreement”	means the implementation agreement dated 30 January 2009 and entered into between Henderson, the Company and the Banks;
“Investor Majority”	has the meaning given to that expression in the New Articles;
“New Articles”	means new articles of association of the Company to be adopted by the Company pursuant to a resolution to be proposed at a general meeting of the Company convened to be held on or around 31 March 2009, further details of which are set out in the Restructuring Circular;
“Ordinary Share”	until adoption of the New Articles means an ordinary share of £0.25 in the capital of the Company and, following adoption of the New Articles, means an A Ordinary Share;
“Ordinary Shareholder”	means a holder of Ordinary Shares;
“Preference Share Acquisition”	has the meaning given to that expression in the Henderson Offer Document;
“Preference Shares”	X preference shares of £1.00 each in the capital of the Company and/or Y preference shares of £0.001 each in the capital of the Company, having the rights set out in the New Articles;
“Preference Shareholder”	means a holder of Preference Shares;
“Restructuring”	means the Company’s proposed capital restructuring, details of which are set out in the Restructuring Circular;
“Restructuring Circular”	means a document dated on or around 11 March 2009 published by the Company and addressed to Ordinary Shareholders, setting out details of a proposed capital restructuring involving, inter alia, the allotment of A Ordinary Shares and Preference Shares to the Banks;

“Sale”	has the meaning given to that expression in the New Articles;
“Shareholder”	means a holder of Ordinary Shares and/or Preference Shares (as the case may require);
“Shares”	means Ordinary Shares and Preference Shares; and
“Unconditional Date”	has the meaning specified in paragraph 2.2 below.

## 2. DRAG NOTICE

- 2.1 This notice is given by the Company on behalf of each of the Banks who, following completion of the Restructuring, will represent an Investor Majority. The Banks, as an Investor Majority, wish to effect a Sale of all the issued and to be issued Ordinary Shares and Preference Shares to Henderson and require, as part of that Sale, that all Ordinary Shares and Preference Shares held by persons other than themselves be sold to Henderson. It is given pursuant to Article 9.6(d) of the New Articles and is given conditionally upon the New Articles being adopted in substitution for the existing articles of association of the Company. This notice is a Drag Notice and relates to a proposed Drag Along Sale (as so defined in the New Articles).
- 2.2 Conditional upon:
- 2.2.1 A Ordinary Shares and Preference Shares being allotted to each Bank pursuant to the Restructuring; and
- 2.2.2 each Bank having accepted the Henderson Offer in respect of all the A Ordinary Shares allotted to it pursuant to the Restructuring; and
- 2.2.3 the Henderson Offer becoming or being declared wholly unconditional,
- the date on which the last of these conditions is satisfied being referred to in this notice as the “**Unconditional Date**”, each Ordinary Shareholder (other than a Bank) is required to accept (to the extent that it has not already validly accepted the Henderson Offer) the Henderson Offer in respect of each Ordinary Share held by it and each Preference Shareholder (other than a Bank) is required to sell its Preference Shares to the Buyer pursuant to the Preference Share Acquisition.
- 2.3 In accordance with the New Articles the provisions of paragraph 2.2 apply with respect to all Shareholders (other than a Bank) irrespective of the time when they are registered as the holder of an Ordinary Share and/or a Preference Share (as the case may be).
- 2.4 If any Ordinary Shareholder (other than a Bank) has not validly accepted the Henderson Offer in respect of all the Ordinary Shares held by it within one Business Day following the Unconditional Date (or, if Ordinary Shares are subsequently allotted to it, within one Business Day following the allotment of those Ordinary Shares to it), any director of the Company and/or the secretary of the Company will, in accordance with the provisions of the New Articles, execute and deliver:
- 2.4.1 an acceptance of the Henderson Offer in respect of each Ordinary Share held by that Shareholder, such acceptance to be executed by that director and/or the secretary as agent and/or attorney for the relevant Shareholder; and/or
- 2.4.2 a transfer in favour of Henderson Group plc in respect of each Ordinary Share held by that Shareholder and/or an indemnity on behalf of that Shareholder in respect of the certificate for each such Ordinary Share in such form as that director and/or the secretary may in his absolute discretion determine, such transfers and indemnities to be executed by that director and/or the secretary as agent and/or attorney for the relevant Shareholder.

- 2.5 If any Preference Shareholder (other than a Bank) has not validly accepted the Preference Share Acquisition within one Business Day following the Unconditional Date (or, if Preference Shares are subsequently allotted to it, within one Business Day following the allotment of those Preference Shares to it), any director of the Company and/or the secretary of the Company may in accordance with the provisions of the New Articles execute and deliver a transfer in favour of Henderson Group plc in respect of each Preference Share held by that Preference Shareholder and/or an indemnity on behalf of that Preference Shareholder in respect of the certificate for each such Preference Share in such form as that director and/or the secretary may in his absolute discretion determine, such transfers and indemnities to be executed by that director and/or the secretary as agent and/or attorney for the relevant Preference Shareholder.
- 2.6 The person to whom a Shareholder shall be required to sell Shares to pursuant to the Drag Along Sale, in accordance with the provisions of paragraphs 2.4 and/or 2.5 above is Henderson Group plc of 47 Esplanade, St Helier, Jersey, JE1 0BD.
- 2.7 The sale of any Shares pursuant to this Drag Notice shall (in accordance with Article 9.4(c) of the New Articles) be effected with full title guarantee, free from any Encumbrance and together with any rights attaching to the Shares after 11 March 2009, including the right to receive all dividends or distributions declared, paid or made after 11 March 2009.
- 2.8 The consideration payable:
- 2.8.1 for an Ordinary Share pursuant to the Drag Along Sale to which this notice relates, in accordance with the New Articles, shall be a cash amount of 2 pence per Ordinary Share; and
- 2.8.2 for a Preference Share pursuant to the Drag Along Sale to which this notice relates, in accordance with the New Articles, shall be an amount per Preference Share equal to the amount to be paid by Henderson for a Preference Share pursuant to the Preference Share Acquisition which (i) shall be determined in accordance with the provisions of the Implementation Agreement, as described in the Henderson Offer Document, and (ii) shall comprise cash and ordinary shares in Henderson Group plc. The Investor Majority and Henderson Group plc have agreed, for the purposes of the Preference Share Acquisition and the Drag Along Sale to which this notice relates, that an ordinary share in the capital of Henderson Group plc shall be valued at £0.62.

An Investor Majority has consented to the allocation of consideration referred to above in connection with the Sale to which the Drag Along Sale relates notwithstanding that the amount payable in respect of the Preference Shares is less than the amount Preference Shareholders would be entitled to receive on a winding up of the Company in accordance with the New Articles. The Investor Majority has agreed that a Dragged Shareholder shall not be responsible for reimbursing to the Banks any costs incurred by them in connection with the Drag Along Sale to which this notice relates.

- 2.9 If transfers of Shares are executed on behalf of a Dragged Shareholder in accordance with the provisions of paragraphs 2.4 and 2.5 above and in accordance with the provisions of the New Articles, the consideration due to the relevant Dragged Shareholder shall be despatched by Henderson Group plc to it within five Business Days of delivery to Henderson Group plc of the transfers relating to those Shares.

**Jonathan Bloom**  
Company Secretary  
(on behalf of an Investor Majority)

**SCHEDULE 1 – CONDITIONS AND FURTHER TERMS OF THE OFFER**  
**PART A – CONDITIONS OF THE OFFER**

**1. THE OFFER IS SUBJECT TO THE FOLLOWING CONDITIONS:**

- (a) valid acceptances being received (and not, where permitted, withdrawn) by 1.00pm (London time) on 8 April 2009 (or such later time(s) and/or date(s) as Henderson Group may, with the consent of the Panel or subject to the rules of the City Code, decide) in respect of not less than 90 per cent. (or such lesser percentage as Henderson Group may decide) in nominal value of the New Star Ordinary Shares to which the Offer relates and not less than 90 per cent. (or such lesser percentage as Henderson Group may decide) of the voting rights carried by the New Star Ordinary Shares to which the Offer relates, provided that this condition will not be satisfied unless Henderson Group (and/or any of its wholly owned subsidiaries) shall have acquired, or agreed to acquire, whether pursuant to the Offer or otherwise, New Star Ordinary Shares carrying, in aggregate, more than 50 per cent. of the voting rights normally exercisable at general meetings of New Star, including for this purpose (to the extent, if any, required by the Panel) any voting rights attributable to or attaching to any New Star Ordinary Shares which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of conversion or subscription rights or otherwise, and for the purposes of this condition:
  - (i) New Star Ordinary Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on issue; and
  - (ii) the expression “New Star Ordinary Shares to which the Offer relates” shall be construed in accordance with section 977 of the Companies Act 2006;
- (b) the Restructuring Agreements having become effective by 2 April 2009 (or such other date as Henderson Group may agree) as described in the Restructuring Circular and the Banks having been allotted and issued the New Star Ordinary Shares and the New Star Preference Shares due to them pursuant to the terms of the Restructuring Agreements;
- (c) the Henderson Group Shareholders having passed resolutions at the Henderson Group General Meeting approving (i) pursuant to Listing Rule 10.5.1(3), the making of the Offer and the Preference Share Acquisition; (ii) pursuant to ASX Listing Rules 7.1 and 7.4, the issue of the Placing Shares pursuant to the Placing; and (iii) pursuant to ASX Listing Rule 7.1, the issue of the New Ordinary Shares to the Banks pursuant to the Preference Share Acquisition;
- (d) the UKLA agreeing or confirming its decision to admit the New Ordinary Shares to the Official List and the LSE agreeing to admit the New Ordinary Shares to trading on its main market for listed securities, subject only to the issue and allotment of such New Ordinary Shares;
- (e) either of the following events occurring:
  - (i) the FSA having notified Henderson Group in writing in terms satisfactory to Henderson Group (acting reasonably in assessing whether such terms are satisfactory) that it is granting approval, including any conditional approval, to Henderson Group (and any of its subsidiaries, as necessary) for the acquisition of control over each Regulated Subsidiary; or
  - (ii) the FSA being deemed to have granted approval to Henderson Group (and any of its subsidiaries, as necessary) for the acquisition of control over each Regulated Subsidiary;
- (f) the Irish Financial Services Regulatory Authority granting approval to Henderson Group (and any of its subsidiaries, as necessary) in writing in terms satisfactory to Henderson Group (Henderson Group acting reasonably in assessing whether such terms are satisfactory) to become qualifying shareholders of New Star Investment Funds (Ireland) Limited as required by Irish law;
- (g) the Office of Fair Trading having either: (i) declined jurisdiction over the transaction; or (ii) indicated, in terms satisfactory to Henderson Group, that it is not the intention of the Office of Fair Trading to make a referral to the Competition Commission in connection with the Offer, or any matters arising from or relating to the Offer;
- (h) no government or governmental, quasi-governmental, supranational, statutory or regulatory body, institution, association or agency (including any trade agency) or any court or other body (including any professional or environmental body) or person in any relevant jurisdiction (each a “Relevant Authority”) having given written notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation or enquiry or having required any action to be taken or otherwise having enacted, made or proposed any statute, regulation, order or decision that would or might be reasonably expected to:

- (i) make the Offer or its implementation or the acquisition or the proposed acquisition of any shares in, or control of, New Star by any member of the Wider Henderson Group void, unenforceable or illegal under the laws of any relevant jurisdiction or directly or indirectly prohibit or otherwise materially restrict, prevent or delay or interfere with the implementation of, or impose additional material conditions or obligations with respect to, or otherwise in a material way challenge, the Offer or the acquisition of any shares in, or control of, New Star by any member of the Wider Henderson Group;
- (ii) require or prevent the divestiture (or alter the terms of any proposed divestiture) by any member of the Group or any member of the New Star Group of all or any material part of their respective businesses, assets or properties or impose any material limitation on their ability to conduct all or any part of their respective businesses and to own or control any of their respective businesses, assets or properties, in each case to an extent which is material in the context of the Group taken as a whole or, as the case may be, the New Star Group taken as a whole;
- (iii) impose any material limitation on or result in any material delay in the ability of any member of the Group to acquire or hold or to exercise effectively, directly or indirectly, all rights of ownership of shares or other securities (or the equivalent) in New Star in any respect which is material in the context of the New Star Group, or to exercise management control over New Star;
- (iv) except pursuant to Part 28 of the Companies Act 2006 or the Offer, require any member of the Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the New Star Group; or
- (v) result in any member of the New Star Group ceasing to be able to carry on business under any name under which it presently does so, where such a result would be material and adverse in the context of the Wider New Star Group taken as a whole,

and all applicable waiting and other time periods during which any such Relevant Authority could institute, or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise intervene having expired, lapsed or been terminated;

- (i) all necessary material filings having been made in connection with the Offer and all appropriate waiting periods (including extensions of such periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated, in each case in respect of the Offer and the acquisition of any shares in, or control of, New Star by Henderson Group and all material authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals ("authorisations") reasonably necessary in any relevant jurisdiction for or in respect of the Offer and the proposed acquisition of any shares in, or control of, New Star by Henderson Group being obtained in terms reasonably satisfactory to Henderson Group, from appropriate Relevant Authorities and such authorisations together with all material authorisations necessary for the New Star Group to carry on its business remaining in full force and effect (in each case where the absence of such authorisation would have a material adverse effect on the New Star Group taken as a whole) and there being no intimation of any intention to revoke, withdraw, suspend, restrict, withhold or modify or not to renew any of them having been made under the laws or regulations of any relevant jurisdiction which in any such case is reasonably likely to have a material adverse affect in the context of the Wider New Star Group taken as a whole;
- (j) since the Accounts Date and except as Disclosed, there being no provision of any material arrangement, agreement, licence, permit, lease or other instrument to which any member of the New Star Group is a party or by or to which any such member or any of its material assets may be bound or be subject which, as a result of the making or implementation of the Offer or the acquisition or proposed acquisition by any member of the Group of any shares in New Star or because of a change in the control or management of any member of the New Star Group or otherwise, would or might reasonably be expected to result in (in each case to an extent which is material and adverse in the context of the Wider New Star Group taken as a whole):
  - (i) any material amount of monies borrowed by or any material indebtedness (actual or contingent) of, or grant available to, the New Star Group becoming repayable or capable of being declared repayable immediately or earlier than the stated repayment date or the ability of any member of the New Star Group to borrow monies or incur any material indebtedness being withdrawn or materially inhibited;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any substantial part of the business, property or assets of any member of the New Star Group or any such security interest (whenever arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, licence, permit, lease or other instrument, being terminated or materially and adversely modified or affected or any onerous obligation arising or any material adverse action being taken or arising thereunder;

- (iv) any material interest or material business of any member of the New Star Group in or with any other person, firm or company (or any arrangements relating to such interest or business) being terminated or materially and adversely affected;
- (v) any member of the New Star Group ceasing to be able to carry on business under any name under which it presently does so; or
- (vi) any material assets or interest of any member of the New Star Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged otherwise than in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, lease or other instrument to which any member of the Wider New Star Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, could result in any events or circumstances as are referred to in sub-paragraphs (i) to (vi) of this paragraph (j) in any case where such result would be material and adverse in the context of the Wider New Star Group taken as a whole;

- (k) since the Accounts Date and except as Disclosed, no member of the New Star Group having, to an extent which is material in the context of the Wider New Star Group taken as a whole:
  - (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell New Star Ordinary Shares out of treasury, save as between New Star and other members of the Wider New Star Group;
  - (ii) recommended, declared, paid or made any bonus, dividend or other distribution, whether payable in cash or otherwise, other than a distribution by any wholly owned subsidiary of New Star;
  - (iii) save as between New Star and its wholly owned subsidiaries or between such wholly owned subsidiaries, implemented or authorised any merger or demerger with any body corporate or, otherwise than in the ordinary course of business, acquired or disposed of, or transferred, mortgaged or charged or created any other security interest over, any assets or any right, title or interest in any asset (including shares);
  - (iv) redeemed, purchased or reduced any of its own shares or made or authorised any change in its share or loan capital;
  - (v) issued or authorised the issue of any debentures or, other than in the ordinary course of business and other than between members of the Wider New Star Group, incurred or increased any indebtedness or contingent liability which in any such case is material;
  - (vi) entered into, varied or terminated any arrangement, contract or commitment (whether in respect of capital expenditure or otherwise), other than in the ordinary course of business, which is of a long-term, onerous or unusual nature or magnitude or which involves or could reasonably be expected to involve an obligation of an unusual nature or magnitude;
  - (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of, any service contract or other agreement with any director or senior executive of New Star save to the extent requested in writing by Henderson Group;
  - (viii) save as between members of the Wider New Star Group, entered into any contract, transaction, reconstruction, amalgamation, commitment, scheme or other arrangement otherwise than in the ordinary course of business;
  - (ix) other than by way of a solvent winding-up in respect of any member of the New Star Group which is dormant at the relevant time, taken any corporate action for its winding-up, dissolution or reorganisation or for the appointment of a receiver, manager, administrator, administrative receiver, trustee, provisional liquidator, liquidator or similar officer in respect of all or any of its assets and revenues or any analogous proceedings or steps having been taken by any member of the New Star Group in any relevant jurisdiction;
  - (x) waived or compromised any claim, other than in the ordinary course of business, and which is material in the context of the Wider New Star Group taken as a whole;

- (xi) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable under such schemes, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded, or made or agreed or consented to any change to the trustees;
- (xii) made any material amendment to its memorandum or articles of association;
- (xiii) entered into any contract, transaction or arrangement which is or may be materially restrictive on the business of any member of the Wider New Star Group other than of a nature and to an extent which is not unusual in the context of the business concerned; or
- (xiv) entered into any contract, commitment or arrangement or passed any resolution in general meeting with respect to, or proposed or announced any intention to effect or propose, any of the transactions, matters or events referred to in this paragraph (k);
- (l) since the Accounts Date and except as Disclosed:
  - (i) no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider New Star Group having occurred which is material in the context of the Wider New Star Group taken as a whole; and
  - (ii) no litigation, arbitration, prosecution or other legal proceedings having been threatened, announced, instituted or become pending or remaining outstanding by, against or in respect of any member of the New Star Group or to which any member of the New Star Group is or may be a party (whether as plaintiff or defendant or otherwise) and other than as a result of the Offer no investigation by any Relevant Authority or other investigative body against or in respect of any member of the New Star Group having been threatened, announced, implemented, instituted or become pending or remaining outstanding by, against or in respect of any member of the New Star Group and which in any such case is material and adverse in the context of the Wider New Star Group taken as a whole; and
- (m) Henderson Group not having discovered that:
  - (i) save as Disclosed, any financial, business or other information concerning the New Star Group which is material in the context of the Offer and which has been publicly disclosed at any time by any member of the New Star Group is materially misleading, contains a misrepresentation of fact or omits to state a fact necessary to make such information not materially misleading and which was not corrected by a subsequent announcement to a Regulatory Information Service by or on behalf of any member of the Wider New Star Group and which information is material in the context of the Wider New Star Group taken as a whole; or
  - (ii) any member of the New Star Group is subject to any liability, contingent or otherwise, which has not been Disclosed and which is material in the context of the New Star Group taken as a whole.

Subject to the requirements of the Panel, Henderson Group reserves the right to waive all or any of conditions (g) to (m) (inclusive), in whole or in part. The Offer will lapse unless all the above conditions are fulfilled or (if capable of waiver) waived or, where appropriate, determined by Henderson Group to have been or remain satisfied by midnight on the day which is 21 days after the later of the First Closing Date and the date on which the Offer becomes or is declared unconditional as to acceptances (or such later date as Henderson Group may, with the consent of the Panel, decide). Henderson Group shall be under no obligation to waive or treat as fulfilled any of conditions (g) to (m) (inclusive) by a date earlier than the date specified above for the fulfilment of such conditions notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

If Henderson Group is required by the Panel to make an offer or offers for any New Star Ordinary Shares under Rule 9 of the City Code, Henderson Group may make such alterations to the above conditions as are necessary to comply with that Rule.

The Offer will lapse (unless the Panel otherwise consents) if, before the First Closing Date or the date when the Offer becomes or is declared unconditional as to acceptances (whichever is the later), the Proposed Acquisition is referred to the Competition Commission. If the Offer does so lapse the Offer will cease to be capable of further acceptance New Star Ordinary Shareholders and Henderson Group will thereafter cease to be bound by prior acceptances.

Except with the Panel's consent, Henderson Group will not invoke any of the above conditions (except condition 1(a)) so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the relevant condition are of material significance to Henderson Group in the context of the Offer.

## PART B – FURTHER TERMS OF THE OFFER

The following further terms and conditions apply to the Offer, unless the contrary is expressed or the context requires otherwise.

Unless the context requires otherwise, any reference in Part B or Part C or Part D of this Schedule 1 and in the Form of Acceptance:

- (i) to the “Offer” includes any revision, variation, renewal or extension of the Offer;
- (ii) to the “acceptance condition” means the condition set out in paragraph 1(a) of Part A of this Schedule 1;
- (iii) to the “Offer becoming unconditional” means the acceptance condition becoming or being declared satisfied whether or not any other condition of the Offer remains to be fulfilled and references to the Offer having become or not become unconditional shall be construed accordingly;
- (iv) to “acceptances of the Offer” includes deemed acceptances of the Offer; and
- (v) to the “Offer Period” means, in relation the Offer, the period commencing on 12 January 2009, until the latest of:
  - (A) 1.00pm on the First Closing Date;
  - (B) the time and date when the Offer lapses; and
  - (C) the time and date when the Offer becomes wholly unconditional.

### 2. ACCEPTANCE PERIOD

- (a) The Offer will initially be open for acceptance until 1.00pm on the First Closing Date. Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as the Panel may permit) from the date on which written notification of the revision is posted to New Star Ordinary Shareholders. Except with the Panel's consent, no revision of the Offer may be made or posted after 26 April 2009 or, if later, the date falling 14 days before the last date the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the Panel's consent) be capable of becoming unconditional after midnight on 10 May 2009 (or any earlier time and/or date beyond which Henderson Group has stated that the Offer will not be extended unless Henderson Group has, where permitted, withdrawn that statement or extended the Offer beyond the stated earlier date), nor of being kept open for acceptance after that time and date unless it has previously become unconditional, provided that Henderson Group reserves the right, with the Panel's consent, to extend the Offer to a later time(s) and/or date(s). Except with the Panel's consent, Henderson Group may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received or purchases of New Star Ordinary Shares made after 1.00pm on 10 May 2009 (or any earlier time and/or date beyond which the Henderson Group has stated that the Offer will not be extended unless where permitted, it has withdrawn that statement or extended the Offer beyond the stated earlier date) or, if the Offer is so extended, any such later time(s) and/or date(s) as may be agreed with the Panel. If the latest time at which the Offer may become unconditional is extended beyond midnight on 10 May 2009, acceptances received and purchases of New Star Ordinary Shares made in respect of which relevant documents are received by the Receiving Agent after 1.00pm on the relevant day may (except where the City Code permits otherwise) only be taken into account with the Panel's agreement.
- (c) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of Henderson Group that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given, before closing the Offer, to those New Star Ordinary Shareholders who have not accepted the Offer.
- (d) If a competitive situation arises and is continuing on 10 May 2009, Henderson Group will enable holders of New Star Ordinary Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on 10 May 2009. It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that: (i) it is received by the Receiving Agent on or before 10 May 2009; (ii) the relevant New Star Ordinary Shareholder shall have applied to withdraw his acceptance of the competing offer but that the New Star Ordinary Shares to which such withdrawal relates shall not have been released from escrow before 10 May 2009 by the escrow agent to the competing offer; and (iii) the New Star Ordinary Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from Henderson Group contained in Part II of this document on or before 10 May 2009, but an undertaking is given that they will be so transferred as soon as possible thereafter.

New Star Ordinary Shareholders wishing to use such forms of acceptance should apply to the Receiving Agent on 0800 073 3916 or, if calling from outside the UK, on +44 870 703 0111 between 9.00am and 5.30pm on the Business Day preceding 10 May 2009 in order that such forms can be despatched. Notwithstanding the right to use such special form of acceptance, holders of New Star Ordinary Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

- (e) If a competitive situation arises after Henderson Group has made a “no extension” statement and/or a “no increase” statement in relation to the Offer, Henderson Group may, if it specifically reserved the right to do so at the time such statement was made, or otherwise with the Panel’s consent, choose not to be bound by and withdraw that statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the City Code and, in particular, that:
  - (i) it announces such withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible (and in any event within four Business Days of the firm announcement of the competing offer or other competitive situation) and New Star Ordinary Shareholders are informed in writing at the earliest practicable opportunity or, in the case of New Star Ordinary Shareholders with registered addresses outside the United Kingdom or whom Henderson Group or JPMorgan Cazenove knows to be a nominee, trustee or custodian holding New Star Ordinary Shares for such persons, by announcement in the UK at the earliest practicable opportunity; and
  - (ii) any New Star Ordinary Shareholders who accepted the Offer after the date of the “no extension” or “no increase” statement are given a right of withdrawal in accordance with paragraph 4(c) of this Part B of Schedule 1.
- (f) Henderson Group may, if it has reserved the right to do so, choose not to be bound by a “no increase” or a “no extension” statement if it would otherwise prevent the posting of an increased or improved offer (either as to the value or nature of the consideration offered or otherwise) which is recommended for acceptance by the New Star Board or in other circumstances permitted by the Panel.
- (g) Henderson Group may, if it has reserved the right to do so and New Star makes an announcement of the kind referred to in Rule 31.9 of the City Code after 19 April 2009, choose not to be bound by a “no increase” or a “no extension” statement and revise or extend the Offer with the consent of the Panel, provided that Henderson Group complies with the requirements of the City Code and in particular that notice to this effect is given as soon as possible (and in any event within four Business Days of the date of New Star’s announcement) and shareholders are informed in writing at the earliest opportunity.
- (h) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, Henderson Group shall be entitled to take account only of those New Star Ordinary Shares carrying voting rights which have been unconditionally allotted or issued before that time and written notice of allotment or issue of which, containing all the relevant details, has been received before that time by the Receiving Agent from New Star or its agents at either of the addresses set out in paragraph 16(c) of the letter from Henderson Group contained in Part II of this document. Telex, e-mail or facsimile transmission will not constitute written notice for these purposes.

### **3. ANNOUNCEMENTS**

- (a) Without prejudice to paragraph 4(a) of this Part B below, by 8.00am on the Business Day (the “relevant day”) following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, as the case may be (or such later time(s) or date(s) as the Panel may agree), Henderson Group will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. The announcement will also state (unless otherwise permitted by the Panel) the total number of New Star Ordinary Shares and rights over New Star Ordinary Shares (as nearly as practicable):
  - (i) for which acceptances of the Offer have been received including from any person acting or deemed to be acting in concert (for the purposes of the City Code) with Henderson Group;
  - (ii) held by or on behalf of Henderson Group or any person acting or deemed to be acting in concert (for the purposes of the City Code) with it before the Offer Period; and
  - (iii) acquired or agreed to be acquired by or on behalf of Henderson Group or any person acting or deemed to be acting in concert (for the purposes of the City Code) with it during the course of the Offer Period, and will specify the percentage of the New Star Ordinary Shares represented by each of these figures.
- (b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00am on the relevant day (as defined in paragraph 3(a) of this Part B) or such later time(s) and/or date(s) as the Panel may agree. The announcement

will state the next expiry date unless the Offer is then unconditional, in which case a statement may instead be made that the Offer will remain open until further notice. In computing the number of New Star Ordinary Shares represented by acceptances and/or purchases, there may be included or excluded, for announcement purposes, acceptances and purchases which are not complete in all respects or which are subject to verification save that those which could not be counted towards fulfilment of the acceptance condition under Notes 4, 5 and 6 of Rule 10 of the City Code shall not (unless agreed by the Panel) be included.

- (c) In this Schedule 1, references to the making of an announcement or the giving of notice by or on behalf of Henderson Group include the release of an announcement by public relations consultants or by JPMorgan Cazenove to the press and the delivery by hand or telephone or telex or facsimile or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service (unless otherwise agreed by the Panel).

#### **4. RIGHTS OF WITHDRAWAL**

- (a) If Henderson Group, having announced the Offer to be unconditional, fails to comply by 3.30pm on the relevant day (as defined in paragraph 3(a) of this Part B) (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 3(a) of this Part B, an accepting New Star Ordinary Shareholder may (unless the Panel agrees otherwise) immediately thereafter withdraw his acceptance of the Offer by written notice received by post. Subject to paragraph 2(b) of this Part B, this right of withdrawal may be terminated not less than eight days after the relevant day (as defined in paragraph 3(a)) by the Henderson Group confirming, if that be the case, that the Offer is still unconditional, and complying with the other requirements specified in paragraph 3(a) of this Part B. If any such confirmation is given, the first period of 14 days referred to in paragraph 2(c) of this Part B will run from the date of such confirmation and compliance.
- (b) If by 1.00pm on 22 April 2009 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting New Star Ordinary Shareholder may withdraw his acceptance at any time thereafter by written notice in the manner referred to in paragraph 4(a) of this Part B (or, in the case of New Star Ordinary Shares held in uncertificated form, in the manner set out in paragraph 4(f) of this Part B) before the earlier of:
- (i) the time when the Offer becomes unconditional; and
  - (ii) the final time for lodgement of acceptances of the Offer which can be taken into account in accordance with paragraph 2(b) of this Part B.
- (c) If a "no extension" statement and/or a "no increase" statement has been withdrawn in accordance with paragraph 2(e) of this Part B, any New Star Ordinary Shareholder who accepts the Offer after the date of the statement may withdraw his acceptance in the manner referred to in paragraph 4(a) of this Part B (or, in the case of New Star Ordinary Shares held in uncertificated form, in the manner set out in paragraph 4(f) of this Part B) not later than the eighth day after the date on which written notice of withdrawal of the statement is posted to New Star Ordinary Shareholders.
- (d) Except as provided by this paragraph 4 of this Part B, acceptances and elections under the Offer shall be irrevocable.
- (e) In this paragraph 4, "written notice" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting New Star Ordinary Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice in a form reasonably satisfactory to Henderson Group). Telex, e-mail or facsimile transmissions or copies will not be sufficient to constitute written notice. No notice which is postmarked in, or otherwise appears to the Henderson Group or its agents to have been sent from, Canada or Japan will be treated as valid.
- (f) In the case of New Star Ordinary Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 4(a), 4(b) or 4(c) of this Part B, an accepting New Star Ordinary Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
- (i) the number of New Star Ordinary Shares to be withdrawn, together with their ISIN (this is GB00B1VJF742);
  - (ii) the member account ID of the accepting shareholder, together with his participant ID;

- (iii) the Escrow Agent's participant ID (this is 3RA34) and the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is NSAHGP01);
- (iv) the CREST transaction ID of the Electronic Acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
- (v) the intended settlement date for the withdrawal;
- (vi) the corporate action number for the Offer allocated by Euroclear; and
- (vii) input with a standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of Henderson Group either reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

- (g) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by Henderson Group whose determination (save as the Panel otherwise determines) will be final and binding. None of Henderson Group, New Star, JPMorgan Cazenove, Computershare or any other person will be under any duty to give notification of any defect in any notice of withdrawal or will incur any liability for failure to do so.

## 5. REVISIONS OF THE OFFER

- (a) No revision of the Offer is envisaged. However, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) and such revision represents on the date on which it is announced (on such basis as JPMorgan Cazenove may consider appropriate) an improvement or no diminution in the value of the revised Offer compared with the consideration or terms previously offered or in the overall value received and/or retained by a New Star Ordinary Shareholder (under the Offer or otherwise), the benefit of the revised Offer will, subject to paragraphs 5(c), 5(d) and 8 of this Part B, be made available to any New Star Ordinary Shareholder who has accepted the Offer in its original or any previously revised form(s) (a "previous acceptor"). The acceptance of the Offer by or on behalf of a previous acceptor in its original or any previously revised form(s) shall, subject as provided in paragraphs 5(c), 5(d) and 8 of this Part B, be treated as an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of Henderson Group and each of the Henderson Group Directors and JPMorgan Cazenove and each of its directors as his attorney and/or agent with authority: (i) to accept any such revised offer on behalf of such previous acceptor; (ii) if such revised offer includes alternative forms of consideration, to make on his behalf such elections for and/or accept such alternative forms of consideration in the proportions such attorney and/or agent in his absolute discretion thinks fit; and (iii) to execute on behalf of and in the name of such previous acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such election and/or acceptance, such attorney and/or agent shall take into account the nature of any previous acceptances made by or on behalf of the previous acceptor and such other facts or matters as he may reasonably consider relevant.
- (b) Subject to paragraph 5(c) and paragraph 5(d) of this Part B, the powers of attorney and authorities conferred by this paragraph 5 and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his acceptance under paragraph 4 of this Part B and duly and validly does so.
- (c) The deemed acceptance referred to in paragraph 5(a) of this Part B shall not apply, and the authorities conferred by that paragraph shall not be exercised, to the extent that a previous acceptor:
  - (i) in respect of New Star Ordinary Shares in certificated form, lodges with Computershare, within 14 days of the posting of the document containing the revised Offer, a Form of Acceptance (or other form validly issued by or on behalf of Henderson Group) in which he validly elects to receive the consideration receivable by him under such revised Offer in some other manner than that set out in his original or any previous acceptance; or
  - (ii) in respect of New Star Ordinary Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA instruction must, in order for it to be valid and settle, include the following details:
    - (A) the number of New Star Ordinary Shares in respect of which the changed election is made, together with their ISIN. This is GB00B1VJF742;
    - (B) the member account ID of the previous acceptor, together with his participant ID;

- (C) the Escrow Agent's participant ID. This is 3RA34;
  - (D) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is NSAHGPO1 for the Offer;
  - (E) the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of the shared note field;
  - (F) the intended settlement date for the changed election;
  - (G) the corporate action number for the Offer allocated by Euroclear;
- and, in order that the desired change of election can be effected, must include:
- (H) the member account ID of the Escrow Agent relevant to the new election;
  - (I) input with a standard delivery instruction priority of 80.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly the Receiving Agent will on behalf of Henderson Group reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.

- (d) The deemed acceptance referred to in paragraph 5(a) of this Part B shall not apply, and the authorities conferred by that paragraph shall not be exercised, if as a result thereof, the previous acceptor would (on such basis as JPMorgan Cazenove may consider appropriate) thereby receive less in aggregate in consideration under the revised Offer than he would have received in aggregate as a result of acceptance of the Offer in the form in which it was previously accepted by him or on his behalf unless the previous acceptor has previously agreed in writing. The authorities conferred by paragraph 5(a) of this Part B shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.
- (e) Henderson Group and JPMorgan Cazenove reserve the right to treat an executed Form of Acceptance or TTE instruction (in respect of the Offer in its original or any previously revised form(s)) which is received (or dated) on or after the announcement of any revised Offer as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration. Such acceptances shall constitute an authority in the terms of paragraph 5(a) of this Part B, mutatis mutandis, on behalf of the relevant New Star Ordinary Shareholder.

## **6. ACCEPTANCES AND PURCHASES**

Except as otherwise agreed by the Panel:

- (a) an acceptance of the Offer shall not be treated as valid for the purposes of the acceptance condition unless the requirements of Note 4 and, if applicable, Note 6 of Rule 10 of the City Code are satisfied in respect of it;
- (b) a purchase of New Star Ordinary Shares by Henderson Group or its nominee(s) or, in the case of a Rule 9 offer, any person acting or deemed to be acting in concert with Henderson Group or its nominees will only be treated as valid for the purposes of the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 of Rule 10 of the City Code are satisfied in respect of it; and
- (c) before the Offer may become unconditional, the Receiving Agent must have issued a certificate to Henderson Group or to JPMorgan Cazenove which states the number of New Star Ordinary Shares in respect of which acceptances have been received and which comply with paragraph 6(a) of this Part B, and the number of New Star Ordinary Shares otherwise acquired, whether before or during the Offer Period, which comply with paragraph 6(b) of this Part B. Henderson Group shall ensure that a copy of the certificate is sent to the Panel, Jefferies and/or other financial adviser of New Star as soon as possible after issue.

## 7. GENERAL

- (a) Except with the Panel's consent, the Offer will lapse unless all of the conditions have been satisfied or (if capable of waiver) waived or, where appropriate, have been determined by Henderson Group in its reasonable opinion to be or remain satisfied in each case by midnight on 22 April 2009 or by midnight on the date which is 21 days after the date on which the Offer becomes unconditional, whichever is the later, or such later date(s) as Henderson Group may, with the Panel's consent, decide. If the Offer lapses for any reason, then it shall cease to be capable of further acceptance and Henderson Group and New Star Ordinary Shareholders shall cease to be bound by acceptances received on or before the date on which the Offer lapses.
- (b) The Offer will lapse (unless the Panel otherwise consents) if the Proposed Acquisition is referred to the Competition Commission before 1.00pm on the First Closing Date or the time and date when the Offer becomes unconditional as to acceptances, whichever is the later. In such a case, the second sentence of paragraph 7(a) of this Part B will apply.
- (c) Except with the Panel's consent, settlement of the consideration to which any New Star Ordinary Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set off, counterclaim or other analogous right to which Henderson Group or JPMorgan Cazenove, may otherwise be, or claim to be, entitled as against such New Star Ordinary Shareholder and will be effected in the manner described in the letter from Henderson Group contained in Part II of this document.
- (d) The Offer is made on 11 March 2009 and is capable of acceptance from that date. Copies of this document, the Form of Acceptance and any related documents are available from the Receiving Agent at either of the addresses set out in paragraph 16(c) of the letter from Henderson Group contained in Part II of this document.
- (e) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. The provisions of this Schedule 1 shall be deemed to be incorporated in and form part of each Form of Acceptance. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires.
- (f) The Offer, all acceptances of it and all elections pursuant to it, the Form of Acceptance and Electronic Acceptances, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a New Star Ordinary Shareholder and Henderson Group, JPMorgan Cazenove or Computershare shall be governed by and interpreted in accordance with English law.
  - (i) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a New Star Ordinary Shareholder will constitute his agreement that the Courts of England are (subject to paragraph 7(f)(ii) of this Part B) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance, and that for such purposes he irrevocably submits to the jurisdiction of the Courts of England.
  - (ii) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a New Star Ordinary Shareholder will constitute his agreement that the agreement in paragraph 7(f)(i) of this Part B is included for the benefit of Henderson Group, JPMorgan Cazenove and Computershare and accordingly, notwithstanding the exclusive agreement in paragraph 7(f)(i) of this Part B, Henderson Group, JPMorgan Cazenove and Computershare shall each retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the accepting New Star Ordinary Shareholder irrevocably submits to the jurisdiction of the courts of any such country.
- (g) If the expiry date of the Offer is extended, any reference in this document and in the Form of Acceptance to, the First Closing Date or 8 April 2009 shall, except in the penultimate paragraph of Part A of this Schedule 1 and paragraph 2(a) and paragraph 7(b) of this Part B and where the context otherwise requires, be deemed to refer to the expiry date of the Offer as so extended.
- (h) Any omission or failure to despatch this document or the Form of Acceptance or any other document relating to the Offer or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 8 of this Part B, the Offer extends to any such person and to all New Star Ordinary Shareholders to whom this document, the Form of Acceptance and any related documents may not be despatched and who may not receive such documents, and such persons may collect copies of those documents from the Receiving Agent at either of the addresses set out in paragraph 16(c) of the letter from Henderson Group contained in Part II of this document.

- (i) If the Offer lapses:
  - (i) in respect of New Star Ordinary Shares held in certificated form, Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as the Panel may approve) within 14 days of the Offer lapsing, at the risk of the New Star Ordinary Shareholder concerned, to the person or agent whose name and address is set out in the relevant Box of the Form of Acceptance or, if none is set out, to the first named holder at his registered address; and
  - (ii) in respect of New Star Ordinary Shares held in uncertificated form, the Receiving Agent will, immediately after the Offer lapses (or within such longer period as the Panel may permit), give TFE instructions to Euroclear to transfer all New Star Ordinary Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the New Star Ordinary Shareholders concerned.
- (j) All powers of attorney, appointments as agent and authorities on the terms conferred by or referred to in this Schedule 1 or in the Form of Acceptance are given by way of security for the performance of the obligations of the New Star Ordinary Shareholder concerned and are irrevocable (in respect of powers of attorney in accordance with Section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 4 of this Part B and duly and validly does so.
- (k) Without prejudice to any other provisions of this Part B, Henderson Group, JPMorgan Cazenove and the Receiving Agent reserve the right to treat acceptances of the Offer as valid if not entirely in order or not accompanied by the relevant TTE instruction or (as applicable) relevant share certificate(s) and/or other document(s) of title or if received by or on behalf of either of them at any place or places or in any manner determined by any of them or otherwise than as set out in this document or, in respect of New Star Ordinary Shares held in certificated form, in the Form of Acceptance.
- (l) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any New Star Ordinary Shareholders will be delivered by or sent to or from them (or their designated agents) at their risk. No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) and/or other document(s) of title will be given by or on behalf of Henderson Group.
- (m) Henderson Group and JPMorgan Cazenove reserve the right to notify any matter (including the making of the Offer) to all or any New Star Ordinary Shareholder(s) with (i) registered addresses outside the UK, or (ii) whom Henderson Group or JPMorgan Cazenove know to be nominees, trustees or custodians for such New Star Ordinary Shareholder(s) with registered addresses outside the UK by announcement or paid advertisement in any daily newspaper published and circulated in the UK, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such shareholders to receive or see such notice. All references in this document to "notice in writing" (other than in paragraph 4 of this Part B) shall be construed accordingly.
- (n) Pursuant to the articles of association which it is proposed will be adopted by New Star as part of the New Star Restructuring, the Banks will have the right to require New Star Ordinary Shareholders to sell their New Star Ordinary Shares to Henderson Group, on the terms of the Offer. As part of the terms of the Proposed Acquisition, the Banks have agreed with Henderson Group that they will exercise this right and accordingly, if the New Star Restructuring becomes effective and the Offer becomes or is declared wholly unconditional and a New Star Ordinary Shareholder does not accept the Offer in respect of some or all of its New Star Ordinary Shares, such New Star Ordinary Shares will be compulsorily acquired and New Star Ordinary Shareholders will receive the same amount of consideration as if they had accepted the Offer. A formal notice to this effect is set out in Part III of this document.

If the circumstances above do not apply, upon the Offer becoming, or being declared, wholly unconditional and sufficient acceptances being received, Henderson Group intends to apply the provisions of sections 974 to 991 of the Companies Act 2006 to acquire compulsorily the outstanding New Star Ordinary Shares on the same terms as the Offer.

- (o) All references in this Schedule 1 to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date of this document).
- (p) In relation to any acceptance of the Offer in respect of a holding of New Star Ordinary Shares which are in uncertificated form, Henderson Group reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the Panel's consent.

- (q) For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (r) Any acceptance of the Offer in respect of a New Star Ordinary Share prior to the New Star Restructuring becoming effective shall be treated as an acceptance in respect of the relevant New Star Ordinary Share after the New Star Restructuring has become effective.

## 8. OVERSEAS SHAREHOLDERS

- (a) The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside the United Kingdom or to nominees of, or custodians or trustees for, citizens or nationals of other countries may be prohibited or affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this document and/or a Form of Acceptance in any jurisdiction other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Form of Acceptance if, in the relevant jurisdiction, such invitation or offer cannot lawfully be made to him or such Form of Acceptance cannot lawfully be used without contravention of any relevant or other legal requirements. In such circumstances, this document and/or Form of Acceptance are sent for information only. It is the responsibility of such Overseas Shareholder receiving a copy of this document and/or Form of Acceptance and wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and Henderson Group and JPMorgan Cazenove (and any person acting on behalf of either of them) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or duties as Henderson Group or JPMorgan Cazenove (and any person acting on behalf of either of them) may be required to pay.

**If you are an Overseas Shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.**

- (b) In particular the Offer is not being made, directly or indirectly, in or into, and is not capable of acceptance in or from Canada or Japan. Accordingly, copies of this document are not being, and must not be, mailed or otherwise forwarded, distributed or sent in or into or from Canada or Japan.

Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail or otherwise forward, distribute or send them, directly or indirectly, in, into or from Canada or Japan or use Canadian or Japanese mails or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility directly or indirectly for any purpose directly or indirectly related to acceptance of the Offer.

Envelopes containing a Form of Acceptance, evidence of title or any other document relating to the Offer should not be postmarked in Canada or Japan or otherwise despatched from Canada or Japan and all accepting New Star Ordinary Shareholders must provide addresses outside Canada or Japan for the remittance of cash or for the return of the Form of Acceptance, share certificates and/or other document(s) of title.

- (c) A New Star Ordinary Shareholder will be deemed not to have validly accepted the Offer if:
  - (i) he puts "NO" in Box 4 of the Form of Acceptance and thereby does not give the representations and warranties set out in sub-paragraph (b) of Part C of this Schedule 1;
  - (ii) having inserted in or having completed Box 1 of the Form of Acceptance with a registered address or telephone number in Canada or Japan, he does not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside Canada or Japan to whom he wishes the consideration to which he is entitled under the Offer and/or any documents to be sent;
  - (iii) he inserts in Box 5 of the Form of Acceptance the name and address of a person or agent in Canada or Japan to whom he wishes the consideration to which he is entitled under the Offer and/or any documents to be sent;
  - (iv) in any case, the Form of Acceptance received from him is received in an envelope postmarked in, or which otherwise appears to Henderson Group or its agent to have been sent from, Canada or Japan; or
  - (v) he makes a Restricted Escrow Transfer pursuant to paragraph 8(g) below unless he also makes a related Restricted ESA instruction which is accepted by the Receiving Agent.

Henderson Group reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (b) of Part C of this Schedule 1 or (as the case may be) Part D of this Schedule 1 could have been truthfully given by the relevant New Star Ordinary Shareholder and, if such investigation is made and, as a result, Henderson Group cannot satisfy itself that such representation and warranty was true and correct, the acceptance shall not be valid.

- (d) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related offering documents, in, into or from Canada or Japan or uses the mails or any means or instrumentality (including without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, Canada or Japan in connection with such forwarding, such person should:
  - (i) inform the recipient of such fact;
  - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 8.
- (e) If any written notice from a New Star Ordinary Shareholder withdrawing his acceptance in accordance with paragraph 4 of Part B of this Schedule 1 is received in an envelope postmarked in, or which otherwise appears to Henderson Group or its agents to have been sent from, Canada or Japan, Henderson Group reserves the right in its absolute discretion to treat that notice as invalid.

**Any acceptance of the Offer by New Star Ordinary Shareholders who are unable to give the representations and warranties set out in paragraph (b) of Part C of this Schedule 1 is liable to be disregarded.**

- (f) Henderson Group reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes that such acceptance may violate applicable legal or regulatory requirements.
- (g) If a New Star Ordinary Shareholder holding New Star Ordinary Shares in uncertificated form cannot give the warranty set out in (b) of Part D of this Schedule 1, but nevertheless can provide evidence satisfactory to Henderson Group that he can accept the Offer in compliance with all relevant legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:
  - (i) a Transfer to Escrow instruction to a designated escrow balance detailed below (a "Restricted Escrow Transfer"); and
  - (ii) one or more valid ESA instructions (a "Restricted ESA instruction") which specify the form of consideration which he wishes to receive (consistent with the alternatives offered under the Offer).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and Henderson Group decides, in its absolute discretion, to exercise its right described in paragraph 8(h) of Part B of this Schedule 1 to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 2(a) of Part B of this Schedule 1. If Henderson Group accordingly decides to permit such acceptance to be made, the Receiving Agent will, on behalf of Henderson Group, accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will, on behalf of Henderson Group, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- (A) the ISIN for the New Star Ordinary Shares. This is GB00B1VJF742;
- (B) the number of New Star Ordinary Shares in uncertificated form in respect of which the Offer is to be accepted;
- (C) the member account ID and participant ID of the New Star Ordinary Shareholder;
- (D) the participant ID of the Escrow Agent (this is 3RA34) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- (E) the intended settlement date. This should be as soon as possible and in any event not later than 1.00pm (London time) on the First Closing Date;
- (F) the corporate action number for the Offer allocated by Euroclear;
- (G) input with a standard delivery instruction priority of 80; and
- (H) the contact name and telephone number inserted in the shared note file.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- (I) the ISIN for the New Star Ordinary Shares. This is GB00B1VJF742;
  - (J) the number of New Star Ordinary Shares relevant to that Restricted ESA instruction;
  - (K) the member account ID and participant ID of the accepting New Star Ordinary Shareholder;
  - (L) the member account ID and participant ID of the Escrow Agent set out in the Restricted Escrow Transfer;
  - (M) the participant ID and the member account ID of the Escrow Agent relevant to the form of consideration required (details of which are set out in the letter from Henderson Group contained in this document);
  - (N) the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates to be inserted at the beginning of the shared note field;
  - (O) the intended settlement date. This should be as soon as possible and in any event not later than 1.00pm (London time) on the First Closing Date;
  - (P) input with a standard delivery instruction priority of 80; and
  - (Q) the corporate action number for the Offer.
- (h) These provisions and any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific New Star Ordinary Shareholders or on a general basis by Henderson Group in its absolute discretion. Subject thereto, the provisions of this paragraph 8 supersede any terms of the Offer inconsistent with them. References in this paragraph 8 to a New Star Ordinary Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes the Form of Acceptance, the provisions of this paragraph 8 shall apply to them jointly and severally.

## PART C – FORM OF ACCEPTANCE

Each New Star Ordinary Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and delivered to Computershare irrevocably undertakes, represents, warrants and agrees to and with Henderson Group, JPMorgan Cazenove and Computershare (so as to bind him, his personal or legal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance shall constitute:
- (i) an acceptance of the Offer in respect of the number of New Star Ordinary Shares in certificated form inserted or deemed to be inserted in Box 2 of the Form of Acceptance; and
  - (ii) an undertaking to execute any further documents and give any further assurances which may be required to enable Henderson Group to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given in this Part C,

in each case on and subject to the terms and conditions set out or referred to in this document and in the Form of Acceptance and that, subject only to the rights of withdrawal set out or referred to in paragraph 4 of Part B of this Schedule 1, each such acceptance shall be irrevocable provided that if (i) Box 2 or any other Box is not completed, or (ii) the total number of New Star Ordinary Shares inserted in Box 2 is greater than the number of New Star Ordinary Shares comprised in the acceptance, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all of the New Star Ordinary Shares comprised in the acceptance;

For the purposes of this Schedule 1 and the Form of Acceptance, the phrase “New Star Ordinary Shares comprised in the acceptance” shall mean the number of New Star Ordinary Shares inserted in Box 2 of the Form of Acceptance or if no number (or a number greater than the relevant New Star Ordinary Shareholder’s registered holding of New Star Ordinary Shares) is inserted, the greater of:

- (i) the relevant New Star Ordinary Shareholder’s entire holding of New Star Ordinary Shares as disclosed by the register of members made available to Computershare prior to the time the relevant Form of Acceptance is processed by them;
  - (ii) the relevant New Star Ordinary Shareholder’s entire holding of New Star Ordinary Shares as disclosed by the register of members made available to Computershare prior to the latest time for receipt of the Form of Acceptance which can be taken into account for determining whether the Offer is unconditional; or
  - (iii) the number of New Star Ordinary Shares in respect of which certificates or an indemnity in lieu thereof is received by Computershare;
- (b) unless “NO” is put in Box 4 of the Form of Acceptance, that such New Star Ordinary Shareholder:
- (i) has not, directly or indirectly, received or sent copies or originals of this document, the Form of Acceptance or any related offering documents in, into or from Canada or Japan, has not utilised in connection with the Offer or the execution or delivery of the Form of Acceptance, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, Canada or Japan;
  - (ii) if an Overseas Shareholder, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Henderson Group, JPMorgan Cazenove or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof;
  - (iii) is accepting the Offer from outside Canada or Japan and has not executed, mailed or sent the Form of Acceptance in or from Canada or Japan; and
  - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside Canada or Japan;
- (c) that the execution of the Form of Acceptance and its delivery to Computershare constitutes, subject to the Offer becoming wholly unconditional in accordance with its terms and to an accepting New Star Ordinary Shareholder not having validly withdrawn his acceptance, the irrevocable and separate appointment of each of Henderson Group and/or JPMorgan Cazenove and any director of, or any person authorised by them, as such shareholder’s attorney and/or agent (the “attorney”) and an irrevocable instruction and authorisation to the attorney:

- (i) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the New Star Ordinary Shares referred to in paragraph (a) of this Part C in favour of Henderson Group or such other person or persons as Henderson Group or its agents may direct in connection with acceptance of the Offer;
  - (ii) to deliver such form(s) of transfer and/or other document(s) in the attorney's discretion and/or the certificate(s) and/or other document(s) of title relating to such New Star Ordinary Shares for registration within six months of the Offer becoming wholly unconditional; and
  - (iii) to execute all such other documents and do all such other acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest the New Star Ordinary Shares referred to in paragraph (a) of this Part C in Henderson Group or its nominee;
- (d) that, in relation to New Star Ordinary Shares in certificated form, the execution of the Form of Acceptance and its delivery to Computershare constitutes, subject to the Offer becoming wholly unconditional and to an accepting New Star Ordinary Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request (subject to the provisions of paragraph 8 of Part B of this Schedule 1):
- (i) to New Star or its agents to procure the registration of the transfer of those New Star Ordinary Shares referred to in paragraph (a) of this Part C pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of the New Star Ordinary Shares to Henderson Group or as it may direct;
  - (ii) to Henderson Group and JPMorgan Cazenove or their respective agents to procure the despatch by post (or by such other method as the Panel may approve) of the cheque for the cash consideration, at the risk of such shareholder, to the person or agent whose name and address outside Canada and Japan is set out in Box 5 of the Form of Acceptance, or if no name and address is set out in Box 5, to the first named holder at his registered address outside Canada or Japan;
- (e) that the execution of the Form of Acceptance and its delivery to Computershare constitutes a separate authority to Henderson Group and/or JPMorgan Cazenove and/or their respective directors within the terms of paragraph 5 of Part B of this Schedule 1 in respect of the New Star Ordinary Shares in certificated form comprised in the acceptance;
- (f) that, subject to the Offer becoming or being declared wholly unconditional (or if the Offer will become wholly unconditional or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:
- (i) Henderson Group and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of New Star or of any class of its shareholders) attaching to any New Star Ordinary Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
  - (ii) the execution of a Form of Acceptance in respect of the New Star Ordinary Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (A) constitutes an authority to New Star and its agents from such New Star Ordinary Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of New Star including any share certificate(s) or other document(s) of title) to Henderson Group at its registered office;
    - (B) constitutes an authority to Henderson Group or any director of Henderson Group to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to attend and/or execute a form of proxy in respect of such New Star Ordinary Shares appointing any person nominated by Henderson Group to attend general and separate class meetings of New Star (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - (C) will also constitute the agreement of such New Star Ordinary Shareholder not to exercise any of such rights without the consent of Henderson Group and the irrevocable undertaking of such New Star Ordinary Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,
- save that this authority will cease to be valid if the acceptance is validly withdrawn.

- (g) that he will deliver or procure the delivery to the Receiving Agent at either of the addresses set out in paragraph 16(c) of the letter from Henderson Group contained in Part II of this document of his share certificate(s) or other document(s) of title in respect of all New Star Ordinary Shares in certificated form held by him in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to Henderson Group in lieu thereof, as soon as possible and in any event within six months of the Offer becoming wholly unconditional;
- (h) that he is the sole legal and beneficial owner of the New Star Ordinary Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such New Star Ordinary Shares and he has the necessary capacity and authority to execute the Form(s) of Acceptance;
- (i) that the New Star Ordinary Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or paid after 11 March 2009;
- (j) that the terms and conditions of the Offer contained in this document shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (k) that, if he accepts the Offer, he will do all such acts and things as shall be necessary or expedient to vest the New Star Ordinary Shares referred to in paragraph (a) of this Part C in Henderson Group or its nominee(s) or such other persons as it may decide;
- (l) that he agrees to ratify each and every act or thing which may be done or effected by Henderson Group or JPMorgan Cazenove or Computershare or any director of Henderson Group, any director of JPMorgan Cazenove or any director of Computershare or their respective agents or New Star or its agents, as the case may be, in the exercise of any of his powers and/or authorities under this document;
- (m) that the execution of the Form of Acceptance constitutes his agreement to the terms of paragraphs 7(f) (i) and (ii) of Part B of this Schedule 1;
- (n) that on execution the Form of Acceptance shall take effect as a deed;
- (o) that if any provision of Part B or Part C of this Schedule 1 shall be unenforceable or invalid or shall not operate so as to afford Henderson Group or JPMorgan Cazenove or Computershare or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required to enable Henderson Group and/or JPMorgan Cazenove and/or Computershare and/or any director of any of them to secure the full benefits of Part B and this Part C; and
- (p) that he is not a customer (as defined by the rules of the Financial Services Authority) of JPMorgan Cazenove in connection with the Offer.

References in this Part C to a New Star Ordinary Shareholder shall include references to the person or persons executing a Form of Acceptance, and if more than one person executes a Form of Acceptance, the provisions of this Part C shall apply to them jointly and severally.

## PART D – ELECTRONIC ACCEPTANCE

Each New Star Ordinary Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Henderson Group, JPMorgan Cazenove and Computershare (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute an acceptance of the Offer in respect of the number of New Star Ordinary Shares in uncertificated form to which a TTE instruction relates on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out or referred to in paragraph 4 of Part B of this Schedule 1, each such acceptance and election shall be irrevocable;
- (b) that such New Star Ordinary Shareholder has not, directly or indirectly, received or sent copies or originals of this document, the Form of Acceptance or any related offering documents, in, into or from Canada or Japan, has not utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, by means of facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, Canada or Japan, was outside Canada and Japan at the time of the input and settlement of the relevant TTE instruction(s), and in respect of the New Star Ordinary Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside Canada or Japan;
- (c) that, if such New Star Ordinary Shareholder is an Overseas Shareholder, he has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Henderson Group, JPMorgan Cazenove or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof;
- (d) that no TTE instruction has been sent from Canada or Japan and such New Star Ordinary Shareholder is accepting the Offer from outside Canada and Japan;
- (e) that the Electronic Acceptance constitutes, subject to the Offer becoming wholly unconditional in accordance with its terms and to an accepting New Star Ordinary Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of Henderson Group and/or JPMorgan Cazenove and any director of, or any person authorised by, them as such shareholder's attorney and/or agent (the "attorney") and an irrevocable instruction and authorisation to the attorney to do all such acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest the New Star Ordinary Shares referred to in paragraph (a) of this Part D in Henderson Group or its nominee;
- (f) that the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as such shareholder's attorney and an irrevocable instruction and authority to the attorney: (i) subject to the Offer becoming wholly unconditional in accordance with its terms and to an accepting New Star Ordinary Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as Henderson Group or its agents may direct) by means of CREST all or any of the New Star Ordinary Shares in uncertificated form (but not exceeding the number of New Star Ordinary Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and (ii) if the Offer does not become wholly unconditional, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such New Star Ordinary Shares to the original available balance of the accepting New Star Ordinary Shareholder;
- (g) that the Electronic Acceptance constitutes, subject to the Offer becoming wholly unconditional and to an accepting New Star Ordinary Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request to Henderson Group or its agents to procure the making of a CREST payment obligation in favour of the New Star Ordinary Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled, provided that: (i) Henderson Group may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post; and (ii) if the New Star Ordinary Shareholder concerned is a CREST member whose registered address is in Canada or Japan, any cash consideration to which such shareholder is entitled may be paid by cheque despatched by post, in any case at the risk of such shareholder, and such cheque shall be despatched to the first named holder at his registered address outside Canada or Japan or as otherwise determined by Henderson Group;

- (h) that the Electronic Acceptance constitutes a separate authority to Henderson Group and/or JPMorgan Cazenove and/or their respective directors within the terms of paragraph 5 of Part B of this Schedule 1 in respect of the New Star Ordinary Shares in uncertificated form referred to in paragraph (a) of this Part D;
- (i) that, subject to the Offer becoming or being declared wholly unconditional (or if the Offer will become wholly unconditional or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:
  - (i) Henderson Group and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of New Star or of any class of its shareholders) attaching to such New Star Ordinary Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
  - (ii) an Electronic Acceptance in respect of the New Star Ordinary Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (A) constitutes an authority to New Star from such New Star Ordinary Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of New Star (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such New Star Ordinary Shares into certificated form) to Henderson Group at its registered office;
    - (B) constitutes an authority to Henderson Group or any director of Henderson Group to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to attend and/or execute a form of proxy in respect of such New Star Ordinary Shares appointing any person nominated by Henderson Group to attend general and separate class meetings of New Star (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - (C) will also constitute the agreement of such New Star Ordinary Shareholder not to exercise any of such rights without the consent of Henderson Group and the irrevocable undertaking of such New Star Ordinary Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,

save that this authority will cease to be valid if the acceptance is validly withdrawn;

- (j) that he is the sole legal and beneficial owner of the New Star Ordinary Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such New Star Ordinary Shares and he has the necessary capacity and authority to effect an Electronic Acceptance;
- (k) that the New Star Ordinary Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid after 11 March 2009;
- (l) that he will do all such acts and things as shall be necessary or expedient to vest the New Star Ordinary Shares referred to in paragraph (a) of this Part D in Henderson Group or its nominee(s) or such other persons as it may decide and all such acts and things as may be necessary or expedient to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer;
- (m) that he agrees to ratify each and every act or thing which may be done or effected by Henderson Group or JPMorgan Cazenove or Computershare or any director of Henderson Group or any director of JPMorgan Cazenove or any director of Computershare or their respective agents or New Star or its agents, as the case may be, in the exercise of any of his powers and/or authorities under this document;
- (n) that if, for any reason, any New Star Ordinary Shares in respect of which a TTE instruction has been effected in accordance with paragraph 16 of the letter from Henderson Group contained in Part II of this document are converted to certificated form, he will (without prejudice to paragraph (i)(ii)(A) of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such New Star Ordinary Shares as so converted to the Receiving Agent at either of the addresses set out in paragraph 16(c) of the letter from Henderson Group contained in Part II of this document or to Henderson Group at its registered office or as Henderson Group or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Schedule 1

in relation to such New Star Ordinary Shares without prejudice to the application of this Part D as far as Henderson Group deems appropriate;

- (o) that the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (g) of this Part D shall, to the extent of the obligation so created, discharge in full any obligation of Henderson Group and/or JPMorgan Cazenove to pay him the cash consideration to which he is entitled pursuant to the Offer;
- (p) that the making of an Electronic Acceptance constitutes his agreement to the terms of paragraphs 7(f)(i) and (ii) of Part B of this Schedule 1;
- (q) that, by virtue of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant New Star Ordinary Shareholder in the terms of all the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (n) above) Part C of this Schedule 1 to Henderson Group, Computershare and JPMorgan Cazenove and any of their respective agents;
- (r) that if any provision of Part B or Part D of this Schedule 1 shall be unenforceable or invalid or shall not operate so as to afford Henderson Group or JPMorgan Cazenove or Computershare or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Henderson Group and/or JPMorgan Cazenove and/or Computershare and/or any director of either of them to secure the full benefits of Part B and this Part D;
- (s) that he is not a customer (as defined by the rules of the Financial Services Authority) of JPMorgan Cazenove in connection with the Offer.

References in this Part D to a New Star Ordinary Shareholder shall include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and severally.

## SCHEDULE 2 – FINANCIAL INFORMATION ON HENDERSON GROUP

### ***Incorporation of relevant information by reference***

Certain historical financial information relating to Henderson Group (or, for the financial periods ended prior to the scheme of arrangement implemented in October 2008, the financial statements of HGI Group Limited) is hereby incorporated by reference into this document, including:

	<b>Information</b>	<b>Location</b>
1	Turnover and profit before taxation for HGI Group Limited for the year ended 31 December 2007  Turnover and loss before taxation for Henderson Group for the year ended 31 December 2008	Consolidated Income Statement on page 13 of the results for HGI Group Limited for the financial year ended 31 December 2007  Consolidated Income Statement on page 10 of the results for Henderson Group for the financial year ended 31 December 2008
2	A statement of the net assets of Henderson Group shown in the last published audited accounts	Consolidated Balance Sheet on page 12 of the results for Henderson Group for the financial year ended 31 December 2008

The results of HGI Group Limited for the financial year ended 31 December 2007 and for Henderson Group for the financial year ended 31 December 2008 are available free of charge on the Henderson Group website at:

[http://www.henderson.com/content/hendersongroup/restricted/documents/corporateinformation/financials/2008-02-27\\_fy07appendix4e.pdf](http://www.henderson.com/content/hendersongroup/restricted/documents/corporateinformation/financials/2008-02-27_fy07appendix4e.pdf)

and:

[http://www.henderson.com/content/hendersongroup/restricted/documents/corporateinformation/financials/2009-02-26\\_app4efy08results.pdf](http://www.henderson.com/content/hendersongroup/restricted/documents/corporateinformation/financials/2009-02-26_app4efy08results.pdf)

respectively.

The information referred to above is available in “read-only” format and can be printed from the Henderson Group website. Henderson Group will provide within two Business Days, without charge, to each person to whom a copy of this document has been delivered, upon their written or oral request, a hard copy of any documents incorporated by reference. Hard copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to: Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by telephoning the shareholder helpline on 0800 073 3916 (or +44 870 703 0111 if telephoning from outside the United Kingdom).

## SCHEDULE 3 – FINANCIAL INFORMATION ON NEW STAR

### ***Incorporation of relevant information by reference***

Certain historical financial information relating to New Star is hereby incorporated by reference into this document, including:

<b>Information</b>	<b>Location</b>
1 Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for New Star for the three financial years ended 31 December 2006, 31 December 2007 and 31 December 2008	Consolidated Income Statement on page 38 and Note 7 “Dividends” on page 50 of the results for New Star for the financial year ended 31 December 2007 (in respect of the two financial years ended 31 December 2006 and 31 December 2007)  Consolidated Income Statement on page 32 and Note 7 “Dividends” on page 46 of the results for New Star for the financial year ended 31 December 2008
2 A statement of the assets and liabilities shown in the audited accounts for New Star for the financial year ended 31 December 2008	Consolidated Balance Sheet on page 34 of the results for New Star for the financial year ended 31 December 2008
3 A cash flow statement provided in the audited accounts for New Star for the financial year ended 31 December 2008	Consolidated Cash Flow Statement on page 35 of the results for New Star for the financial year ended 31 December 2008
4 Summary of significant accounting policies and the explanatory notes to the consolidated financial statements	Notes to the Consolidated Financial Statements on pages 42 to 66 of the results for New Star for the financial year ended 31 December 2007 (in respect of the two financial years ended 31 December 2006 and 31 December 2007)  Notes to the Consolidated Financial Statements on pages 36 to 63 of the results for New Star for the financial year ended 31 December 2008

The results of New Star for the financial year ended 31 December 2007 (which also includes the results for the financial year ended 31 December 2006) and the financial year ended 31 December 2008 are available free of charge on the New Star website at:

<http://www.newstaram.com/documents/pdfs/corporate/annualreports/annual-report-311207.pdf>

and:

<http://www.newstaram.com/documents/pdfs/corporate/annualreports/annual-report-311208.pdf> respectively.

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.

The information referred to above is available in “read-only” format and can be printed from the New Star website. New Star will provide within two Business Days, without charge, to each person to whom a copy of this document has been delivered, upon their written or oral request, a hard copy of any documents incorporated by reference. Hard copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to: Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephoning on 0871 664 0321 (or, from outside the United Kingdom, +44 (0)20 8639 3399) between 9.00am and 5.00pm Monday to Friday (excluding bank or public holidays). Calls to 0871 664 0321 cost 10 pence per minute (including VAT) plus your service provider’s network extras. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that calls to these numbers may be monitored or recorded for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor can it give any financial, legal or taxation advice.

The New Star Directors have included a note in the financial statements for the year ended 31 December 2008 at note 1, which draws attention to the fact that the financial statements for the year ended 31 December 2008 have been prepared on the basis that the New Star Group is a going concern, which is based on the assumptions that: (a) the New Star Restructuring is completed; and (b) the Offer becomes or is declared wholly unconditional. The auditors of New Star have also referred to this matter in making their unqualified opinion on the financial statements.

## SCHEDULE 4 – ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

- (a) The Directors of Henderson Group, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document, other than the information relating to New Star, the New Star Group and the New Star Directors and their immediate families and related trusts and controlled companies for which the New Star Directors accept responsibility. To the best of the knowledge and belief of the Directors of Henderson Group (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Directors of New Star, whose names are set out in paragraph 2(b) below, accept responsibility for the information contained in this document relating to New Star, the New Star Group and themselves and their immediate families, related trusts and controlled companies. To the best of the knowledge and belief of the Directors of New Star (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. DIRECTORS OF HENDERSON GROUP AND NEW STAR

- (a) The names of the Directors of Henderson Group and their respective positions are as follows:

Name	Position
Rupert Pennant-Rea	Non-Executive Chairman
Andrew Formica	Chief Executive
Toby Hiscock	Chief Financial Officer
Gerald Aherne	Non-Executive Director
Duncan Ferguson	Non-Executive Director
Anthony Hotson	Non-Executive Director
Tim How	Non-Executive Director
John Roques	Non-Executive Director

The business address of each of the Directors of Henderson Group is 47 Esplanade, St Helier, Jersey, JE1 0BD, which is also the registered office of Henderson Group.

- (b) The names of the Directors of New Star and their respective positions are as follows:

Name	Position
John Duffield	Executive Chairman
Howard Covington	Chief Executive
Rupert Ruvigny	Finance Director
Michael Astor	Technical Director
John Jay	Business Development Director
Richard Pease	Director of European Equities
Mark Skinner	Director of Retail Fund Sales and Marketing
John Craig, CBE	Deputy Chairman and Senior Non-Executive Director
David Gamble	Non-Executive Director
John Tiner	Non-Executive Director

The business address of each of the Directors of New Star is 1 Knightsbridge Green, London, SW1X 7NE, which is also the registered office of New Star.

### 3. DISCLOSURE OF INTERESTS AND DEALINGS IN RELEVANT SECURITIES

#### (a) Definitions

For the purposes of this paragraph 3:

- (i) "acting in concert" with a party means any person acting or deemed to be acting in concert with that party for the purposes of the City Code and the Offer;
- (ii) "associate", in relation to New Star, means:
  - (A) the subsidiaries and associated companies of New Star and companies of which New Star, its subsidiaries and associated companies are associated companies. For this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is the test of associated company status;
  - (B) any pension fund or employee benefit trust of New Star or of any company covered in (A) above;
  - (C) any connected adviser and persons controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or an exempt fund manager);
- (iii) "connected adviser", in relation to New Star, means an organisation which is advising New Star in relation to the Offer, its corporate broker, an organisation which is advising a person acting in concert with New Star in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party, or an organisation which is advising an associate covered in paragraph 3(a)(ii)(A) in relation to the Offer;
- (iv) "control" means an interest, or interests, in shares or securities carrying in aggregate 30 per cent. or more of the voting rights attributable to the capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control (and "controlling" and "controlled by" shall be construed accordingly);
- (v) "dealing" or "dealt" means:
  - (A) acquiring or disposing of securities, or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - (B) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising or varying an option (including a traded option contract) in respect of any securities;
  - (C) subscribing or agreeing to subscribe for securities;
  - (D) exercising or converting, whether in respect of new or existing securities, any securities carrying conversion or subscription rights;
  - (E) acquiring, disposing of, entering into, closing out, exercise of any rights under, or varying, a derivative referenced, directly or indirectly, to securities;
  - (F) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
  - (G) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (vi) "derivative" means any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- (vii) "disclosure period" means the period commencing on 12 January 2008 (being the date 12 months prior to commencement of the Offer Period) and ending on 9 March 2009 (the latest practicable date prior to the posting of this document);
- (viii) "Henderson Group relevant securities" means any shares in the equity share capital of, or carrying voting rights in, Henderson Group and any securities convertible into or carrying rights to subscribe for any such shares;
- (ix) a person having an "interest", or being "interested", in any securities includes where a person:
  - (A) owns securities;
  - (B) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;
  - (C) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (D) is party to any derivative whose value is determined by reference to the price of securities and which results, or may result, in his having a long position in them;

- (x) "New Star relevant securities" means New Star Ordinary Shares and any securities convertible into or carrying rights to subscribe for New Star Ordinary Shares;
- (xi) "Note 6 arrangement" means any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to New Star relevant securities which may be an inducement to deal or refrain from dealing therein;
- (xii) "relevant securities" means New Star relevant securities and Henderson Group relevant securities;
- (xiii) references to a "pension fund" of New Star or of any company covered in paragraph 3(a)(ii)(A) above do not include any such pension funds which are managed under an agreement or arrangement with an independent third party in the terms set out in Note 7 on the definition in the City Code of "acting in concert";
- (xiv) "related parties", in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act 2006 and related regulations; and
- (xv) "short position" means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

**(b) Interests in relevant securities**

As at the close of business on 9 March 2009 (being the latest practicable date prior to the posting of this document):

- (i) Henderson Group and the following persons acting in concert with Henderson Group owned or controlled the following New Star Ordinary Shares:

Name	Number of New Star Ordinary Shares
Henderson UK Enhanced Equity Trust (Hiport code HIUNPE)	164,000

- (ii) the New Star Directors and their respective related parties had the following interests in New Star relevant securities:

Name	Number of New Star Ordinary Shares
John Duffield <sup>1</sup>	17,660,672
Howard Covington	2,800,000
Rupert Ruvigny <sup>3</sup>	6,550,000
Michael Astor <sup>2,3</sup>	1,760,672
John Jay <sup>3,4</sup>	1,479,999
Richard Pease	4,800,000
Mark Skinner <sup>3</sup>	2,992,928

Notes:

1. Of these New Star Ordinary Shares, John Duffield has a non-beneficial interest in 3,980,672 New Star Ordinary Shares held by New Star Investment Trust PLC as a result of him being the holder of approximately 60 per cent. of the issued share capital of that company. In addition, John Duffield has a non-beneficial interest in 600,000 New Star Ordinary Shares that are held by a trust for the benefit of a former employee of the New Star Group in his capacity as one of the trustees of that trust.
2. Of these New Star Ordinary Shares, Michael Astor has a non-beneficial interest in 456,672 New Star Ordinary Shares, which are held by discretionary trusts for the benefit of his dependent children.
3. 1,750,000 of the New Star Ordinary Shares in which Rupert Ruvigny is interested, 1,000,000 of the New Star Ordinary Shares in which John Jay is interested, 2,000,000 of the New Star Ordinary Shares in which Mark Skinner is interested and 500,000 of the New Star Ordinary Shares in which Michael Astor is interested are held on the terms of the New Star Employee Shared Ownership Plan. Under the rules of that plan an individual owns a joint interest in the New Star Ordinary Shares which are the subject of an award made to him, the co-owner being one of the New Star Group's employee benefit trusts.
4. Of these New Star Ordinary Shares, 51,428 are held in the name of John Jay's wife.

(iii) the following associates of New Star were interested, directly or indirectly, in New Star Ordinary Shares:

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<b>Name</b>	<b>Number of New Star Ordinary Shares</b>
NS Two Limited (in its capacity as trustee of the New Star 2000 Employee Benefit Trust No.1 Trust and the New Star 2000 Employee Benefit Trust No.2 Trust)	11,190,506
NS Two Limited (in its capacity as trustee of the New Star 2008 Employee's Share Trust (No.1) and the New Star 2008 Employee's Share Trust (No. 2))	35,000,000

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(iv) the New Star Directors and their respective related parties had the following interests in Henderson Group relevant securities:

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<b>Name</b>	<b>Number of Ordinary Shares</b>
John Jay	10,000
Richard Pease	115,000

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(v) New Star UK Alpha Fund (a fund deemed to be acting in concert with New Star under the City Code) has lent 250,000 Ordinary Shares to a third party.

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(vi) The following dealings in New Star Ordinary Shares by, or on behalf of, Henderson Group have taken place during the disclosure period:

Registered holder	Date	Transaction	Number of New Star Ordinary Shares	Price per Share (pence)
Henderson Equity UK Tracker Trust (NPUTET)	19 Dec 2008	Sale	18,675	1.85
Massachusetts Bay Transportation Authority Pension Fund	21 Nov 2008	Sale	61,636	2.325
Southwest Ohio Regional Council of Carpenters Pension Plan	21 Nov 2008	Sale	24,780	2.325
The Henderson Smaller Companies Investment Trust plc	15 Sep 2008	Sale	254,667	81.045
Henderson UK Smaller Companies Fund	15 Sep 2008	Sale	78,947	81.045
Witan Investment Trust	15 Sep 2008	Sale	48,386	81.045
The Henderson Smaller Companies Investment Trust plc	12 Sep 2008	Sale	245,333	94.507
Henderson UK Smaller Companies Fund	12 Sep 2008	Sale	76,053	94.507
Witan Investment Trust	12 Sep 2008	Sale	46,614	94.507
Henderson Equity UK Tracker Trust (NPUTET)	27 Aug 2008	Sale	20,018	106.32
Henderson Equity UK Tracker Trust (NPUTET)	27 Jun 2008	Purchase	30,000	101.5933
Witan Investment Trust	10 Jun 2008	Sale	17,744	127
AMP Capital Investors (Australia) Ltd	29 Jan 2008	Sale (contract for difference)	102,000	99
Henderson Global Equity Multi-Strategy Fund	29 Jan 2008	Sale (contract for difference)	552,000	99
Henderson Horizon Pan European Alpha Plus Fund	29 Jan 2008	Sale (contract for difference)	7,000	99
Henderson Pan European Enhanced Equity Trust	29 Jan 2008	Sale (contract for difference)	664,000	99
Henderson UK Enhanced Equity Trust (HIUNPE)	29 Jan 2008	Sale (contract for difference)	689,000	99
Pan-European Equity Multi-Strategy Fund	29 Jan 2008	Sale (contract for difference)	220,000	99
Witan Investment Trust	29 Jan 2008	Sale	166,000	99

(vii) The following dealings in New Star Ordinary Shares by JPMorgan Cazenove, or members of its group, have taken place during the disclosure period:

Registered holder	Date	Transaction	Number of New Star Ordinary Shares	Price per Share (pence)
JPMorgan Securities Limited	16/01/2009	Sale	1,049	392.00
JPMorgan Securities Limited	16/01/2009	Sale	1,022	392.00
JPMorgan Securities Limited	06/01/2009	Sale	648	267.00
JPMorgan Securities Limited	06/01/2009	Sale	142	268.00
JPMorgan Securities Limited	06/01/2009	Sale	145	268.00
JPMorgan Securities Limited	06/01/2009	Sale	149	268.00
JPMorgan Securities Limited	06/01/2009	Sale	152	268.00
JPMorgan Securities Limited	06/01/2009	Sale	14	268.00
JPMorgan Securities Limited	29/12/2008	Purchase	500	172.00
JPMorgan Securities Limited	19/12/2008	Sale	784	200.00
JPMorgan Securities Limited	20/06/2008	Purchase	27,035	106.77
JPMorgan Securities Limited	19/06/2008	Purchase	33,369	114.62
JPMorgan Securities Limited	18/06/2008	Purchase	15,339	118.71
JPMorgan Securities Limited	17/06/2008	Purchase	22,055	124.31
JPMorgan Securities Limited	16/06/2008	Purchase	32,301	120.55
JPMorgan Securities Limited	13/06/2008	Purchase	3,878	117.94
JPMorgan Securities Limited	10/06/2008	Purchase	22,230	127.97
JPMorgan Securities Limited	09/06/2008	Purchase	28,136	131.05
JPMorgan Securities Limited	06/06/2008	Purchase	19,415	134.29
JPMorgan Securities Limited	05/06/2008	Purchase	49,559	136.99
JPMorgan Securities Limited	12/05/2008	Sale	40,037	119.11
JPMorgan Securities Limited	09/05/2008	Sale	20,018	120.21
JPMorgan Securities Limited	08/05/2008	Sale	19,330	122.54
JPMorgan Securities Limited	07/05/2008	Sale	57,990	124.31
JPMorgan Securities Limited	06/05/2008	Sale	57,990	125.07
JPMorgan Securities Limited	08/04/2008	Sale	17,302	116.15
JPMorgan Securities Limited	04/04/2008	Sale	17,302	115.22
JPMorgan Securities Limited	27/03/2008	Sale	17,302	106.90
JPMorgan Securities Limited	20/03/2008	Purchase	6,046	90.78
JPMorgan Securities Limited	11/03/2008	Sale	10,747	91.97
JPMorgan Securities Limited	07/03/2008	Purchase	5,382	88.53
JPMorgan Securities Limited	05/03/2008	Purchase	62,462	92.35
JPMorgan Securities Limited	04/03/2008	Purchase	25,147	94.42
JPMorgan Securities Limited	26/02/2008	Purchase	5,273	104.03
JPMorgan Securities Limited	21/02/2008	Purchase	92	101.53
JPMorgan Securities Limited	20/02/2008	Purchase	7,356	101.53
JPMorgan Securities Limited	14/02/2008	Sale	2,688	99.97
JPMorgan Securities Limited	13/02/2008	Sale	15,625	98.39
JPMorgan Securities Limited	12/02/2008	Sale	36,559	94.26
JPMorgan Securities Limited	08/02/2008	Sale	3,135	96.75
JPMorgan Securities Limited	07/02/2008	Sale	17,267	94.57
JPMorgan Securities Limited	06/02/2008	Sale	17,267	96.53
JPMorgan Securities Limited	31/01/2008	Purchase	210	100.03
JPMorgan Securities Limited	24/01/2008	Sale	910	102.25
JPMorgan Securities Limited	11/01/2008	Sale	13,816	141.98

**(d) General**

Save as disclosed in this paragraph 3, on 9 March 2009 (being the latest practicable date prior to the posting of this document):

- (i) neither Henderson Group, nor any of the Henderson Group Directors, nor any of such directors' related parties, nor any person acting in concert with Henderson Group, nor any person with whom Henderson Group or any person acting in concert with Henderson Group has a Note 6 arrangement, had any interest in any New Star relevant securities, or right to subscribe for any New Star relevant securities, or any short position in respect of New Star relevant securities or (save for any borrowed shares which have been on lent or sold) had borrowed or lent any New Star relevant securities, nor has any such person dealt in any New Star relevant securities during the disclosure period;
- (ii) none of the New Star Directors, nor any of such directors' related parties, nor any associates of New Star had any interest in any New Star relevant securities, or right to subscribe for any New Star relevant securities, or any short position in respect of New Star relevant securities, nor has any such person dealt in any relevant securities between the start of the Offer Period and 9 March 2009 (being the last practicable date prior to the posting of this document); and
- (iii) neither New Star, nor any of the New Star Directors, nor any of such directors' related parties had any interest in any Henderson Group relevant securities, or right to subscribe for any Henderson Group relevant securities, or any short position in respect of Henderson Group relevant securities, nor has any such person dealt in any relevant securities between the start of the Offer Period and 9 March 2009 (being the latest practicable date prior to the posting of this document); and
- (iv) neither New Star nor any person acting in concert with New Star had borrowed or lent any New Star relevant securities, save for any borrowed shares which have been either on lent or sold.

**(e) No arrangements**

Save as disclosed in this document:

- (i) neither Henderson Group nor any person acting in concert with Henderson Group has any Note 6 arrangement with any person; and
- (ii) neither New Star, nor any director of New Star or of any company covered in paragraph (a)(ii)(A) above, nor any of such directors' close relatives or related trusts, nor any associate of New Star has any Note 6 arrangement with any person.

**4. MARKET QUOTATIONS**

The following table shows the closing middle market quotations of New Star Ordinary Shares, as derived from the Daily Official List on the following dates, unless otherwise indicated:

- (a) the first Business Day of each of the six months immediately before the date of this document;
- (b) 9 January 2009, being the last dealing day before the commencement of the Offer Period; and
- (c) 9 March 2009, being the latest practicable date prior to the posting of this document.

Date	Price per New Star Ordinary Share (pence)
9 March 2009	1.90
2 March 2009	1.87
2 February 2009	1.91
9 January 2009	2.93
2 January 2009	2.10
1 December 2008	7.99
3 November 2008	30.50
1 October 2008	62.00

**5. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by New Star or another member of the New Star Group since 12 January 2007 (being the date two years before the commencement of the Offer Period) and are or may be material as at the date of this document. Save as set out below, New Star and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, since 12 January 2007 (being the date two years before the commencement of the Offer Period).

### ***New Star Guarantee Facility Amendment and Restatement Agreement***

Pursuant to a guarantee facility dated 2 February 2005 (as amended from time to time) between, among others, HSBC, Bank of Scotland, Royal Bank of Scotland and NSAM Holdings Limited (formerly known as New Star Asset Management Group Limited) to which NSAM Group Holdings Limited has since acceded (the "New Star Guarantee Facility"), HSBC has guaranteed the obligations of NSAM Holdings Limited and certain of the New Star Group's employee benefit trusts to indemnify a number of the New Star Group's employees in respect of particular tax liabilities they may incur. HSBC's liability under the guarantees given to employees is counter indemnified in part by Bank of Scotland and Royal Bank of Scotland.

On 21 January 2009, New Star, NSAM Group Holdings Limited and the original parties to the New Star Guarantee Facility entered into an amendment and restatement agreement (the "New Star Guarantee Facility Amendment and Restatement Agreement") which provides for the amendment and restatement of the terms of the New Star Guarantee Facility, conditional upon and with effect from completion of the New Star Restructuring. Pursuant to the New Star Guarantee Facility Amendment and Restatement Agreement, the New Star Guarantee Facility will be amended to conform to the covenants and events of default set out in the New Star Principal Borrowing Facility (as amended).

### ***New Star Principal Borrowing Facility***

On 19 April 2007, New Star entered into the New Star Principal Borrowing Facility. The New Star Principal Borrowing Facility, following the most recent amendment and restatement of 13 November 2008, contains the following key terms:

- the Banks made available to New Star a revolving credit facility of up to £35 million to be used for general corporate purposes. This revolving credit facility has now expired and is no longer available to New Star;
- the Banks made available to New Star a term loan of up to £350 million to enable New Star to make payments to New Star Ordinary Shareholders pursuant to the a scheme of arrangement of NSAM Group Holdings Limited made under to section 425 of the Companies Act 1985 which became operative pursuant to a court order made on 12 June 2007. This term loan is repayable in full on 30 June 2013;
- advances under the New Star Principal Borrowing Facility have been guaranteed by the New Star Obligors;
- the funds were available at a margin of up to 3 per cent. per annum above LIBOR plus the usual mandatory regulatory costs. The margin may be adjusted downwards upon an improvement in the ratio of consolidated total net borrowings to consolidated pre-taxation profits (after, among other things, adding back consolidated interest payable, amortisation and depreciation);
- interest at a rate of 1 per cent. per annum above the margin is payable immediately on demand of any overdue amounts;
- New Star is required to pay certain fees pursuant to the New Star Principal Borrowing Facility, including an arrangement fee of 1 per cent. of the total facilities available, an agency fee of £100,000 per annum and a monitoring fee of £75,000 per annum;
- there are a number of events which would lead to a mandatory prepayment of the loans, including, but not limited to, change of control or ownership of New Star, receipt of insurance proceeds in excess of £5 million and disposals of assets (subject to various carve-outs);
- where the annual consolidated financial statements in respect of a financial year reveal excess cash flow, then New Star must apply an amount equal to 75 per cent. of such excess cash flow in respect of that financial year after deducting amounts which have been voluntarily prepaid during that financial year towards prepaying the loans under the New Star Principal Borrowing Facility;
- the New Star Obligors (including in relation to other members of the New Star Group) have given various representations, warranties and covenants as well as various indemnities;
- the New Star Obligors have given a number of covenants to the Banks including, but not limited to, covenants restricting the creation of security, disposal of assets, further financial indebtedness, change of business, acquisitions, granting of guarantees, entry into derivative transactions and granting of loans, as well as financial covenants relating to interest cover and the value of retail assets under management; and
- the events of default include, but are not limited to, non-payment, breach of obligation, misrepresentation, cross default provisions, insolvency events, change of ownership of the New Star Obligors and any event or series of events occurring which, in the opinion of the Banks, might reasonably be expected to have a material adverse effect on, among other things, the business or financial condition of the New Star Group as a whole or the ability of any New Star Obligor to perform its obligations under the New Star Principal Borrowing Facility or related documentation. Occurrence of an event of default entitles the Banks to terminate the New Star Principal Borrowing Facility and to demand immediate repayment of all amounts outstanding under the New Star Principal Borrowing Facility.

### ***New Star Novation Deed***

On 21 January 2009, New Star entered into a novation deed (the "New Star Novation Deed") pursuant to which it agreed, immediately prior to completion of the New Star Restructuring, to novate to NSAM Holdings Limited its rights and obligations in respect of £20 million of principal outstanding under the amended New Star Principal Borrowing Facility.

Pursuant to the New Star Novation Deed, New Star also agreed to assume all rights and obligations of NSAM Holdings Limited in respect of £250,005.58 of accrued fees outstanding under the New Star Guarantee Facility. In satisfaction of those accrued fees, New Star will issue loan notes in favour of HSBC, Bank of Scotland and Royal Bank of Scotland under the New Star Guarantee Facility immediately prior to completion of the New Star Restructuring. Under the terms of the Investment Agreement, the loan notes will be converted into equity in New Star upon completion of the New Star Restructuring.

In consideration of the novation, New Star shall owe an intercompany debt of £19,749,994.42 (being the principal outstanding under the amended New Star Principal Borrowing Facility less the accrued fees outstanding under the New Star Guarantee Facility) to NSAM Holdings Limited.

### ***New Star Principal Borrowing Facility Amendment and Restatement Agreement***

On 21 January 2009, New Star, together with the other parties to the New Star Principal Borrowing Facility, entered into an amendment and restatement agreement (the "New Star Principal Borrowing Facility Amendment and Restatement Agreement") which provides for the amendment and restatement of the terms of the New Star Principal Borrowing Facility. The New Star Principal Borrowing Facility Amendment and Restatement Agreement is conditional upon and will come into effect on completion of the New Star Restructuring and includes, among others, the following amendments:

- NSAM Holdings Limited will become the borrower under the New Star Principal Borrowing Facility, with New Star becoming a guarantor of NSAM Holdings Limited's obligations;
- all but £20 million of the principal, interest and fees outstanding under the New Star Principal Borrowing Facility as of completion of the New Star Restructuring will have been exchanged for New Star Ordinary Shares and new New Star Preference Shares;
- the funds, all of which are already fully drawn down, will be available at a margin of 3 per cent. above LIBOR plus mandatory cost;
- the New Star Principal Borrowing Facility will not contain any financial covenants, although it will contain customary events of default including, among other things, provisions relating to the insolvency of NSAM Holdings Limited or certain other members of the New Star Group and breach of obligation; and
- the outstanding borrowing must be repaid in one tranche on 30 June 2013, with provisions relating to a mandatory pre-payment of borrowings including, but not limited to, on a change of control of New Star (other than the change of control occurring pursuant to the New Star Restructuring), out of insurance proceeds in excess of £1 million and out of the net proceeds of disposal of assets.

On 21 January 2009, New Star and NSAM Holdings Limited also entered into a new fee letter with Bank of Scotland pursuant to which, conditional upon and from the date of completion of the New Star Restructuring, the agency fees in respect of the New Star Principal Borrowing Facility will be reduced to an amount equal to £50,000 per annum and no further monitoring fees will be payable.

### ***Swap and Cap Termination Payment Agreement***

On 21 January 2009, New Star entered into an agreement with Bank of Scotland pursuant to which it agreed to the terms and conditions in respect of the termination payment for the interest rate swap and cap transactions in relation to the New Star Principal Borrowing Facility, which were terminated on 12 January 2009. New Star has agreed with Bank of Scotland to satisfy the amount of £17,171,855.19 payable to Bank of Scotland in relation to this termination by the issue of a loan note for the same amount (as described below).

### ***New Star B Loan Notes***

Pursuant to a loan note instrument dated 21 January 2009, New Star has created unsecured loan notes in a principal amount of £17,171,855.19 which were issued to Bank of Scotland on 21 January 2009. Under the terms of the New Star Investment Agreement, the loan notes will be converted into equity in New Star upon completion of the New Star Restructuring.

### ***New Star Investment Agreement***

On 21 January 2009, New Star and the Banks entered into an agreement setting out the terms on which the New Star Restructuring should take place (the "New Star Investment Agreement"). The New Star Investment Agreement (and, therefore, the New Star Restructuring) is conditional upon, among other things:

- New Star Ordinary Shareholders' approval of the New Star Resolutions;
- the FSA and all relevant overseas regulators, having approved the changes relating to control of the relevant subsidiaries of New Star authorised or regulated by such authorities in consequence of the New Star Restructuring (or, alternatively, having indicated that they have no objection to them);
- the Irish Competition Authority confirming in terms and in a form reasonably satisfactory to the Banks that it has determined, pursuant to section 21(2)(a) of the Irish Competition Act 2002 that the transaction contemplated by the Restructuring Agreements may be put into effect, or the period specified in section 19(1)(c) of the Irish Competition Act 2002 having elapsed without the Irish Competition Authority having informed the Banks of the determination (if any) it has made under section 21(2)(a) or (b) of the Irish Competition Act 2002;
- the Restructuring Agreements not having terminated in accordance with their terms prior to completion of the New Star Restructuring including, among other things, as a result of:
  - New Star having suffered an Insolvency Event (as defined in the Restructuring Agreements);
  - the Banks terminating them as a result of becoming aware (following signature of the New Star Investment Agreement) of a fact, circumstance or event (whenever it occurred) which, in their reasonable opinion, has or may have a material adverse effect on the assets, turnover, profitability or financial position or prospects of the New Star Group taken as a whole (and which would include, among others, any member of the New Star Group (other than New Star) which is material in the context of the New Star Group as a whole, suffering an Insolvency Event (as defined in the Restructuring Agreements));
  - the Banks terminating them as a result of a person having made an offer to acquire the whole or substantially the whole of the New Star's business or New Star's ordinary share capital on terms that are acceptable to the Banks;
  - the Banks terminating them as a result of a person making an offer (or announcing its intention to make an offer) to acquire New Star's ordinary share capital on terms which have not been approved by the Banks; or
  - the New Star Resolutions not being passed; and
- the conditions precedent to the New Star Principal Borrowing Facility Amendment and Restatement Agreement and the New Star Guarantee Facility Amendment and Restatement Agreement being satisfied. These include, among other things, delivery of specified documentation and no breach of the representations and warranties (given in customary form) in the facility agreements.

If these conditions have not been satisfied or waived on or before 30 April 2009 (or such later date as New Star and the Banks may agree) the New Star Restructuring will not be capable of being completed and the Banks' obligations under the Restructuring Agreements will lapse.

Pursuant to the New Star Investment Agreement, the New Star Guarantee Banks have agreed not to exercise any right under the New Star Guarantee Facility to call for cash collateral or demand payment of accrued fees, commissions, default interest, cost and expenses and the Banks have agreed not to exercise any right under the New Star Principal Borrowing Facility to call for payment of interest, default interest, fees, costs and expenses, in each case until completion of the New Star Restructuring, or if earlier, the termination of the New Star Investment Agreement.

Pursuant to the Implementation Agreement, the Banks have agreed not to exercise or waive any termination right under or in connection with the New Star Investment Agreement as a result of the Proposed Acquisition.

The New Star Investment Agreement contains the following key provisions:

- provisions setting out the basis on which, at completion of the New Star Restructuring, the Banks will convert all but £20 million of the amounts owed to them under the New Star Principal Borrowing Facility (whether in respect of principal or interest), the New Star Group's liability under an interest rate hedging arrangement and fees owed to certain of the Banks under the New Star Guarantee Facility into:
  - New Star Ordinary Shares representing 75 per cent. of the enlarged fully diluted ordinary share capital of New Star (excluding (i) all New Star Ordinary Shares arising from conversion of the New Star Preference Shares, and (ii) any B ordinary shares in the capital of New Star issued) following the issue of those New Star Ordinary Shares; and
  - 94 million New Star Preference Shares;
- provisions entitling the Investor Majority (as defined in the New Star Investment Agreement and being at least three Banks (or parties to whom their rights have been transferred) holding in aggregate 80 per cent. of the New Star Ordinary Shares held by such persons):
  - to appoint two non-executive directors of New Star and to remove any such appointee and appoint another person in their place;

- to require New Star to procure the appointment of these two appointed non-executive directors of New Star as directors of New Star’s subsidiaries. These two appointed non-executive directors of New Star will also be appointed as members of and constitute a majority on New Star’s remuneration committee and audit committee; and
- to appoint an individual to act as “special projects” executive of New Star (and to remove any such appointee and appoint another in his place) and to require any such individual to be appointed as a director of New Star and its subsidiaries and to be given such powers as the Banks (or parties to whom their rights have been transferred) may request;
- provisions entitling each of the Banks (or parties to whom their rights have been transferred) to appoint an individual to act as its observer to attend meetings of the New Star Board and of any other member of the New Star Group and of any committee of any such boards. All other directors will be appointed either by the New Star Board or by New Star Ordinary Shareholders in general meeting;
- provisions granting the Banks (or parties to whom their rights have been transferred) the right to detailed information about the affairs of the New Star Group. The Banks (or parties to whom their rights have been transferred) will also have the right to appoint investigating accountants to inspect the affairs of the New Star Group in certain circumstances; and
- provisions granting an Investor Majority various veto rights including, but not limited to, vetoes in respect of:
  - the appointment or removal of any director;
  - the entry into of certain material contracts;
  - the establishment of, or variation to the terms of, any pension or life assurance scheme giving rise to payment of contributions or emoluments in excess of amounts provided for in the budget;
  - the incurring of any borrowings or other indebtedness in the nature of borrowings; and
  - the approval of the annual budget and business plan.

### **Implementation Agreement**

On 30 January 2009 Henderson Group, New Star and the Banks entered into the Implementation Agreement which provides, among other things, for the implementation of the Preference Share Acquisition, and contains certain assurances and confirmations between the parties, including in respect of:

- using reasonable efforts to ensure the implementation of the Offer; and
- undertakings being given by the Banks in relation to the acceptance of the Offer and the exercise of the compulsory acquisition provisions set out in the New Articles in respect of the Proposed Acquisition.

The obligations of the parties under the Implementation Agreement are conditional upon the Offer becoming wholly unconditional. Henderson Group has agreed to use all reasonable endeavours to convene the Henderson Group General Meeting. Henderson Group and New Star have further agreed that New Star will repay the outstanding £20 million owed to the Banks under the New Star Principal Borrowing Facility. Each of the Banks has given representations and warranties to Henderson Group that following the repayment by New Star of this amount, there will be no amounts due and owing from New Star or any of its subsidiaries to any of the Banks in respect of any lending facilities previously made available to the New Star Group by the Banks except under or pursuant to certain continuing arrangements.

If the Offer has not become wholly unconditional before 30 May 2009, the Implementation Agreement automatically terminates and has no further effect (save for prior breaches and claims and for certain surviving provisions).

The Implementation Agreement sets forth certain provisions whereby the consideration due to the New Star Preference Shareholders under the Preference Share Acquisition may be adjusted by reference to the New Star Group’s level of unrestricted cash and to any net change in the New Star Group’s net management fee income run-rate revenues in the period following the signing of the Implementation Agreement. A summary of the terms of this adjustment is set out in paragraph 2.2 of the letter from Henderson Group in Part II of this document.

New Star and each of the Banks have given an undertaking that they will not solicit, initiate or encourage any third party to make a competing offer for New Star or enter into or participate in any discussions or negotiations with a third person which could lead to a competing offer for New Star.

New Star has given certain undertakings in relation to the operation of its business for the period between 30 January 2009 and completion of the Proposed Acquisition.

The Banks have undertaken that, for a period of six months following completion of the Proposed Acquisition, any disposal of their New Ordinary Shares will be made through JPMorgan Cazenove and UBS Investment Bank.

## 6. NEW STAR DIRECTORS' SERVICE CONTRACTS

- (a) Details of the service contracts of each of the New Star Executive Directors as at the date of this document are as follows:

Name	Appointment date	Basic annual salary	Benefits	Notice period <sup>3</sup>
John Duffield	7 November 2005	£360,500	None	3 months
Howard Covington	7 November 2005	£463,500	See footnote 1 below	3 months
Rupert Ruvigny	7 November 2005	£412,000	See footnote 1 below	3 months
Michael Astor	7 November 2005	£123,806	See footnote 1 below	3 months
John Jay	15 March 2007	£168,826	See footnote 1 below	3 months
Richard Pease <sup>2</sup>	7 November 2005	£196,964	See footnote 1 below	3 months
Mark Skinner	7 November 2005	£220,000	See footnote 1 below	3 months

Notes:

1. These New Star Directors receive the benefit of private health insurance, permanent health insurance and a contribution to a non-contributory pension scheme of 15 per cent. of their annual salary.
2. Richard Pease is entitled to a share of certain fees that may be paid dependent on the performance of the hedge fund that he manages.
3. Means the notice period to be given by either party.

- (b) Details of the appointment letters of each of the New Star Non-Executive Directors as at the date of this document are as follows:

Name	Date of term expiry	Annual fees	Notice period <sup>1</sup>
John Craig	7 November 2011	£65,000	1 month
David Gamble	7 November 2011	£57,500	1 month
John Tiner	1 April 2011	£60,000	1 month

Note:

1. Means the notice period to be given by either party.

- (c) Save as disclosed above, no new service agreements or amendments to any existing service agreements within the period of six months preceding the date of this document have taken place.

## 7. BASES OF CALCULATIONS AND SOURCES OF INFORMATION

- (a) The value attributed to the existing issued share capital of New Star is based upon the 268,580,859 New Star Ordinary Shares in issue on 9 March 2009 (being the latest practicable date prior to the posting of this document) and the 1,143,389 New Star Ordinary Shares which are the subject of options granted under the New Star Share Schemes (being options which the New Star EBTs have not agreed to satisfy out of New Star Ordinary Shares held by them).
- (b) For the purposes of the financial comparisons contained in this document, no account has been taken of any liability to taxation under the Offer.
- (c) Unless otherwise stated, the financial information on Henderson Group is extracted from HGI Group Limited's Annual Report and Accounts for the year ended 31 December 2007, from Henderson Group's Annual Report and Accounts for the year ended 31 December 2008 and from Henderson Group's internal records.
- (d) Unless otherwise stated, the financial information on New Star is extracted from New Star's Annual Report and Accounts for the years ended 31 December 2007 (in respect of the two financial years ended 31 December 2006 and 31 December 2007) and 31 December 2008 and from New Star's internal records.
- (e) Earnings per share figures are stated exclusive of exceptional and extraordinary items where these have been disclosed.
- (f) Enterprise value is the aggregation of the value of New Star's ordinary equity share capital, preference share capital and debt arising following completion of the New Star Restructuring.
- (g) New Star Ordinary Share prices have been derived from the Daily Official List and represent the closing middle market prices on the relevant date.
- (h) Save where specifically stated otherwise, references to a percentage of New Star Ordinary Shares are based on the number of New Star Ordinary Shares in issue as set out in paragraph 7(a) above. References to a percentage of the votes capable of being cast at the Restructuring General Meeting are calculated based upon the number of New Star Ordinary Shares in issue as set out in paragraph 7(a) above and on the fact that the New Star EBTs have contractually agreed not to vote 35,000,000 of the New Star Ordinary Shares which they hold.

## **8. FINANCING ARRANGEMENTS AND CASH CONFIRMATION**

- (a) A summary of the financing arrangements for the Offer are set out in paragraph 9 of Part II of this document. Accordingly there is no financing in respect of which any payment of interest on, repayment of or security for any liability (contingent or otherwise) depends on the business of New Star.
- (b) The maximum amount of cash consideration payable under the Offer on its current terms is approximately £21.6 million. This is based on the existing issued share capital of 268,580,859 New Star Ordinary Shares (as sourced from New Star's Shareholder register as at 9 March 2009), the New Star Restructuring taking place, and an additional amount of 1,143,389 New Star Ordinary Shares assuming the full exercise of options granted as at 9 March 2009 (being the latest practicable date before the posting of this document) under the New Star Share Schemes which the New Star EBTs have not agreed to satisfy out of New Star Ordinary Shares held by them.
- (c) JPMorgan Cazenove is satisfied that the necessary financial resources are available to Henderson Group to enable it to implement the Offer in full.

## **9. GENERAL**

- (a) Save as disclosed in this document, the Directors of New Star do not know of any material change in the financial or trading position of New Star since 31 December 2008, being the date to which New Star's last audited accounts were prepared.
- (b) JPMorgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (c) UBS Investment Bank has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (d) Jefferies has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (e) Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Henderson Group or any person acting or presumed to be acting in concert with it and any of the New Star Directors or recent directors, shareholders or recent shareholders of New Star having any connection with, or dependence upon, the Offer.
- (f) Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the New Star Ordinary Shares to be acquired by Henderson Group pursuant to the Offer will be transferred to any other person, save that Henderson Group reserves the right to transfer any such New Star Ordinary Shares to any member of the Group.
- (g) Henderson Group does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of New Star.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the London offices of Henderson Global Investors Limited, 201 Bishopsgate, London EC2M 3AE, until the end of the Offer Period:

- (a) the memorandum and articles of association of Henderson Group;
- (b) the memorandum and articles of association of New Star, both prior to and following the completion of the New Star Restructuring;
- (c) the published audited consolidated accounts of HGI Group Limited for the financial year ended 31 December 2007 and the published audited consolidated accounts of Henderson Group for the financial years ended 31 December 2008;
- (d) the published audited consolidated accounts of New Star for each of the two financial years ended 31 December 2007 and 31 December 2008;
- (e) the service contracts of the Directors of New Star referred to in paragraph 6 of this Schedule 4;
- (f) the consent letters referred to in paragraph 9 of this Schedule 4;
- (g) the material contracts referred to in paragraph 5 of this Schedule 4;
- (h) copies of the irrevocable undertakings and letters of intent referred to in Part II of this document;
- (i) this document and the Form of Acceptance.

11 March 2009

## SCHEDULE 5 – DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise.

“Accounts Date”	means 31 December 2008;
“Admission”	means the admission of the New Ordinary Shares to the Official List in accordance with the Listing Rules and the admission of the New Ordinary Shares to trading by the LSE on its main market for listed securities;
“Announcement”	means the announcement made by Henderson Group and New Star on 30 January 2009 with respect to the Proposed Acquisition;
“ASX”	means the Australian Securities Exchange;
“ASX Listing Rules”	means the listing rules of ASX;
“AUM”	means assets under management;
“Bank of Scotland”	means Bank of Scotland plc;
“Banks”	means Bank of Scotland, Royal Bank of Scotland, Lloyds TSB Bank plc, HSBC and National Australia Bank Limited, London Branch;
“Business Day”	means a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
“Canada”	means Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof;
“certificated” or “in certificated form”	means a share or other security which is not in uncertificated form (that is not in CREST);
“City Code”	means The City Code on Takeovers and Mergers;
“Companies Act 2006”	means the Companies Act 2006 (as amended from time to time);
“Computershare”	means Computershare Investor Services PLC;
“CREST”	means the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
“CREST member”	means a person who has been admitted by Euroclear as a system member (as defined in the Regulations);
“CREST participant”	means a person who is, in relation to CREST, a system participant (as defined in the Regulations);
“CREST payment”	shall have the meaning given in the CREST manual issued by Euroclear;
“CREST sponsor”	means a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	means a CREST member admitted to CREST as a sponsored member;
“Daily Official List”	means the Daily Official List of the London Stock Exchange;
“Directors of New Star” or “New Star Directors”	means the directors of New Star at the date of this document;
“Directors of Henderson Group” or “Henderson Group Directors”	means the directors of Henderson Group at the date of this document;

“Disclosed”	means: (i) as disclosed in the audited consolidated report and accounts of New Star for the period ended 31 December 2007 and 31 December 2008; (ii) as publicly announced by New Star (through a Regulatory Information Service) prior to 30 January 2009; (iii) as disclosed in the Announcement; (iv) as disclosed in the circular to New Star Ordinary Shareholders dated 22 January 2009 in relation to the cancellation of the admission of the New Star Ordinary Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities; (v) as disclosed in the prospectus issued by New Star on 20 April 2007; (vi) as disclosed in the circular to New Star Ordinary Shareholders issued by New Star on 4 June 2008; and (vii) all matters fairly disclosed in the documents contained in the electronic data room made available to Henderson Group and its advisers as at midnight on 26 January 2009 and such other documents added to the electronic data room after such time as may be agreed in writing between Henderson Group and New Star;
“Electronic Acceptance”	means the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document;
“Enlarged Group”	means Henderson Group and its subsidiary undertakings following the implementation of the Proposed Acquisition;
“ESA instruction”	means an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST manual issued by Euroclear);
“Escrow Agent”	means the Receiving Agent (in its capacity as an escrow agent, as described in the CREST manual issued by Euroclear);
“Euroclear”	means Euroclear UK & Ireland Limited;
“First Closing Date”	means 8 April 2009 (or such other date as Henderson Group, subject to the provisions of the City Code, may decide);
“Form of Acceptance”	means the form of acceptance and authority relating to the Offer accompanying this document, which may only be completed by holders of New Star Ordinary Shares in certificated form;
“FSA”	means the Financial Services Authority;
“FSMA”	means the Financial Services and Markets Act 2000 (as amended from time to time);
“Group”	means Henderson Group and its subsidiary undertakings;
“Henderson Global Investors”	means the controlled entities of Henderson Group that carry out investment management activities;
“Henderson Group”	means Henderson Group plc;
“Henderson Group Board” or “Board of Henderson Group”	means the board of directors of Henderson Group;
“Henderson Group General Meeting”	means the general meeting of Henderson Group at which resolutions will be put to Shareholders to approve (i) pursuant to Listing Rule 10.5.1(3), the making of the Offer and the Preference Share Acquisition, (ii) pursuant to ASX Listing Rules 7.1 and 7.4, the issue of the Placing Shares pursuant to the Placing, and (iii) pursuant to ASX Listing Rule 7.1, the issue of the New Ordinary Shares to the Banks pursuant to the Preference Share Acquisition;
“Henderson Group Shareholders”	means registered holders of Ordinary Shares from time to time;
“HMRC”	means Her Majesty’s Revenue and Customs;
“HSBC”	means HSBC Bank plc;

“Implementation Agreement”	means the implementation agreement dated 30 January 2009 and entered into between Henderson Group, New Star and the Banks;
“Japan”	means Japan, its cities, prefectures, territories and possessions;
“Jefferies”	means Jefferies International Limited;
“JPMorgan Cazenove”	means JPMorgan Cazenove Limited, whose registered office is at 20 Moorgate, London EC2R 6DA
“LIBOR”	means the London Interbank Offered Rate for sterling deposits for 12 months;
“Listing Rules”	means the listing rules of the UK Listing Authority;
“London Stock Exchange” or “LSE”	means London Stock Exchange plc;
“member account ID”	means the identification code or number attached to any member account in CREST;
“New Articles”	means the new articles of association of New Star to be adopted by New Star pursuant to a resolution to be proposed at the Restructuring General Meeting, further details of which are set out in the Restructuring Circular
“New Ordinary Shares”	means the new ordinary shares of 12.5 pence each in the capital of Henderson Group to be issued pursuant to the Preference Share Acquisition;
“New Star”	means New Star Asset Management Group PLC, a company incorporated in England and Wales with registered number 6047952;
“New Star Board” or “Board of New Star”	means the board of directors of New Star;
“New Star EBTs”	means the New Star 2000 Employee Benefit Trust and The New Star 2000 Employee Benefit Trust No.2;
“New Star Executive Directors”	means the executive directors of New Star at the date of this document;
“New Star Group”	means New Star and its subsidiary undertakings;
“New Star Guarantee Banks”	means HSBC, Bank of Scotland and Royal Bank of Scotland;
“New Star Guarantee Facility”	means the guarantee facility dated 2 February 2005 (as amended from time to time) between the New Star Guarantee Banks, NSAM Holdings Limited and the New Star EBTs;
“New Star Guarantee Facility Amendment and Restatement Agreement”	means the agreement to amend and restate the New Star Guarantee Facility dated 21 January 2009 between New Star, NSAM Group Holdings Limited and the original parties to the New Star Guarantee Facility;
“New Star Investment Agreement”	means the investment agreement between New Star and the Banks dated 21 January 2009 setting out the terms on which the New Star Restructuring should take place;
“New Star Non-Executive Directors”	means the non-executive directors of New Star at the date of this document;
“New Star Novation Deed”	means the novation deed entered into by New Star on 21 January 2009;
“New Star Obligors”	means New Star, NSAM Group Holdings Limited, NSAM Holdings Limited and NSIM Holdings Limited;
“New Star Ordinary Shareholders”	means registered holders of New Star Ordinary Shares from time to time;
“New Star Ordinary Shares”	means ordinary shares of 25 pence each in the capital of New Star prior to completion of the New Star Restructuring and, after completion of the New Star Restructuring, the A ordinary shares of 5 pence each in the capital of New Star and the B ordinary shares of 0.1 pence each in the capital of New Star;
“New Star Preference Shareholders”	means registered holders of New Star Preference Shares from time to time;

"New Star Preference Shares"	means the convertible cumulative redeemable preference shares of £1.00 in the capital of New Star to be issued pursuant to the Restructuring Agreements (in the case of the Banks), and the convertible cumulative redeemable preference shares of £0.001 each in the capital of New Star in respect of which options are to be granted pursuant to the Implementation Agreement (in the case of certain directors and employees within the New Star Group);
"New Star Principal Borrowing Facility"	means the facility agreement dated 19 April 2007 (as amended and restated on 6 June 2007 and 13 November 2008) between, among others, New Star and the Banks;
"New Star Principal Borrowing Facility Amendment and Restatement Agreement"	means the agreement to amend and restate the New Star Principal Borrowing Facility dated 21 January 2009 between, among others, New Star and the Banks;
"New Star Resolutions"	means the resolutions required to be approved by New Star Ordinary Shareholders in relation to the New Star Restructuring;
"New Star Restructuring"	means the restructuring of New Star's issued and to be issued share capital as described (i) in the circular sent to New Star Ordinary Shareholders on 22 January 2009 containing details of the cancellation of the admission of the New Star Ordinary Shares to the Official List and to trading on the LSE's main market for listed securities, and (ii) the Restructuring Circular;
"New Star Share Schemes"	means The New Star 2005 Discretionary Share Option Plan and/or The New Star 2007 Discretionary Share Option Plan (as the context requires);
"NSAM Group Holdings Limited"	means New Star Asset Management Group Holdings Limited;
"NSAM Holdings Limited"	means New Star Asset Management Holdings Limited;
"NSIM Holdings Limited"	means New Star Institutional Managers Holdings Limited;
"Offer"	means the offer for the entire issued and to be issued ordinary share capital of New Star by Henderson Group on the terms and subject to the conditions set forth in this document and any subsequent revision, variation, extension or renewal thereof;
"Offer Period"	means the period referred to in paragraph (v) of Part B of Schedule 1;
"Offer Price"	means 2 pence per New Star Ordinary Share;
"Official List"	means the Official List of the UK Listing Authority;
"Ordinary Shares"	means the ordinary shares of 12.5 pence each in the capital of Henderson Group;
"Overseas Shareholders"	means New Star Ordinary Shareholders (or nominees of, or custodians or trustees for New Star Ordinary Shareholders) not resident in or citizens of the United Kingdom;
"Panel"	means the Panel on Takeovers and Mergers;
"participant ID"	means the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
"Placing"	means the placing of Ordinary Shares and CHES Depositary Interests over Ordinary Shares to institutional and other investors on 30 January 2009;
"Placing Shares"	means Ordinary Shares issued pursuant to the Placing;
"Preference Share Acquisition"	means the proposed acquisition by Henderson Group of the New Star Preference Shares (including the acquisition of certain New Star Preference Shares issued under options) pursuant to the Implementation Agreement;
"Proposed Acquisition"	means the proposed acquisition of New Star by Henderson Group, as described in this document, comprising the Offer and the Preference Share Acquisition;
"Receiving Agent"	means Computershare;
"Regulated Subsidiary"	means any of New Star Asset Management Limited, New Star Institutional Managers Limited, Worldinvest Management Limited and New Star Investment Funds Limited;
"Regulations"	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);

"Regulatory Information Service"	means any of the services approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website, <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> ;
"Restricted Overseas Person"	means either a person (including an individual, partnership, unincorporated syndicate, unincorporated organisation, trust, trustee, custodian, executor, administrator or other legal representative) in, or resident in, Canada or Japan;
"Restructuring Agreements"	means a series of agreements between, inter alia, New Star and the Banks, setting forth the basis upon which the New Star Restructuring is to be effected, together with any amendments to such agreements as Henderson Group may have approved;
"Restructuring Circular"	means the circular to New Star Ordinary Shareholders to be issued by New Star on 11 March 2009 in relation to the New Star Restructuring;
"Restructuring General Meeting"	means the general meeting of New Star to be convened in due course on despatch of the Restructuring Circular at which resolutions will be proposed to New Star Ordinary Shareholders to approve the New Star Restructuring;
"Royal Bank of Scotland"	means The Royal Bank of Scotland plc;
"subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking"	have the meanings respectively ascribed to them under the Companies Act 2006;
"TFE instruction"	means a Transfer from Escrow instruction (as described in the CREST manual issued by Euroclear);
"TTE instruction"	means a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to New Star Ordinary Shares in uncertificated form meeting the requirements set out in paragraph 16(h) of the letter from Henderson Group set out in Part II of this document;
"UBS" or "UBS Investment Bank"	means UBS Limited;
"UK" or "United Kingdom"	means the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority"	means the Financial Services Authority acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000;
"uncertificated" or "in uncertificated form"	means a New Star Ordinary Share which is for the time being recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;
"US" or "United States"	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US Exchange Act"	means the United States Securities Exchange Act of 1934 as amended;
"Wider Henderson Group"	means Henderson Group and its subsidiary undertakings, associated undertakings and any other undertakings in which Henderson Group and such undertakings (aggregating their interests) have a substantial interest and for these purposes, "substantial interest" means a direct or indirect interest in 20 per cent. or more of the equity capital of an undertaking; and
"Wider New Star Group"	means New Star and its subsidiary undertakings, associate undertakings and any other undertakings in which New Star and such undertakings (aggregating their interests) have a substantial interest and for these purposes "substantial interest" means a direct or indirect interest in 20 per cent. or more of the equity capital of an undertaking.

All references to legislation in this document are to English legislation unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. All references to time in this document are to London time.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

Terms defined in the CREST manual issued by Euroclear shall, unless the context otherwise requires, bear the same meanings where used in this document.

