

This document comprises a prospectus relating to Henderson Group plc ("Henderson Group") prepared in accordance with the Prospectus Rules of the Financial Services Authority ("FSA") made under section 73A of the Financial Services and Markets Act 2000 (the "FSMA"). This Prospectus will be made available to the public in accordance with the Prospectus Rules.

Except where stated otherwise or unless the context requires something different, where the term "Shareholder" is used in this document, it refers to a holder of equity securities regardless of whether the equity securities are traded on the London Stock Exchange ("LSE") in the form of Ordinary Shares or on the Australian Securities Exchange ("ASX") in the form of CDIs. Similarly, where the term "share" or "shareholding" is used in the document, it includes CDIs, where appropriate.

On 5 February 2009 72,324,352 Placing Shares, comprising approximately 9.9 per cent. of Henderson Group's then issued share capital were admitted to the Official List and to trading on the LSE's main market for listed securities pursuant to the Placing.

Application has been made to the FSA for all of the New Ordinary Shares to be admitted to the Official List and to the LSE for all of the New Ordinary Shares to be admitted to trading on the LSE's main market for listed securities ("Admission"). It is expected that Admission will become effective on 9 April 2009. No application is currently intended to be made for the New Ordinary Shares to be admitted to listing or dealing on any other exchange.

A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provision) (Jersey) Order 2002, and it has given, and has not withdrawn, its consent to its publication. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, to the issue of the New Ordinary Shares by Henderson Group. It must be clearly understood that, in giving these consents, neither the Jersey registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of Henderson Group or for the correctness of any statements made, or opinions expressed, with regard to it. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law. Nothing in this document or anything communicated to a shareholder by or on behalf of Henderson Group is intended to constitute, or should be construed as, advice on the merits of the subscription for New Ordinary Shares or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998.

The Directors of Henderson Group, whose names appear on page 9 of this document, and Henderson Group accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and Henderson Group (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

This document should be read in its entirety. In particular, your attention is drawn to Part 1 "Risk Factors" for a discussion of certain risk factors that should be considered in connection with any investment in Ordinary Shares.



(Incorporated and registered in Jersey with registered number 101484)

**Admission of up to 27,419,337 New Ordinary Shares
in Connection with the Proposed Acquisition of New Star**

**Sponsor and Financial Adviser
J.P. Morgan Cazenove**

No New Ordinary Shares have been marketed to, nor are any available for purchase, by the public in the UK or elsewhere in connection with Admission.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by FSMA or the regulatory regime established thereunder, J.P. Morgan Cazenove does not accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with Henderson Group or the matters described in this document. J.P. Morgan Cazenove accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

J.P. Morgan Cazenove, who is authorised and regulated in the UK by the FSA, is acting exclusively for Henderson Group and no-one else in connection with the matters described in this document and is not, and will not be, responsible to anyone other than Henderson Group for providing the protections afforded to the clients of J.P. Morgan Cazenove, or for providing advice in connection with the matters described in this document.

RESTRICTIONS ON SALES OF SHARES OUTSIDE THE UNITED KINGDOM

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act"). The New Ordinary Shares described in this document are being offered outside the United States in offshore transactions in accordance with Regulation S under the Securities Act, and may not be offered or sold within the United States. In addition, until 40 days after the commencement of the Preference Share Acquisition, an offer or sale of New Ordinary Shares within the United States by any dealer (whether or not participating in the Preference Share Acquisition) may violate the registration requirements of the Securities Act.

No actions have been taken to allow a public offering of New Ordinary Shares under the applicable securities laws of any jurisdiction. Subject to certain exceptions, New Ordinary Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any New Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR AN OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

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SUMMARY

THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION AS TO WHETHER TO INVEST IN ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THE DOCUMENT AS A WHOLE.

Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area ("EEA"), no civil liability will attach to those persons responsible for this summary in any such Member State, including any translations of this summary, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the EEA, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before legal proceedings are initiated.

1. INFORMATION ON THE ENLARGED GROUP

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) has, since December 2003, been listed on the Official List and admitted to trading on the main market of the LSE and on the 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.

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 (as at 31 December 2008) and employs 841 people worldwide (as at 31 January 2009).

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.

Proposed Acquisition

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 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 issued pursuant to the New Star Restructuring (including certain preference shares under options) (the "Preference Share Acquisition"). Following completion of the Proposed Acquisition, Henderson Group will also procure the repayment of New Star Group's debt of approximately £20 million. As a result of certain amendments agreed on 2 April 2009 the terms of the Proposed Acquisition imply an enterprise value for New Star of £107 million (based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009).

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 trading on 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.

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 had, after adopting Henderson Group's accounting policies, net assets of £0.8 million.

2. KEY FINANCIAL INFORMATION

Summary historical financial information

The financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of Henderson Group, prepared in accordance with IFRS and incorporated into this Prospectus by reference. All numbers are stated on a comparable basis.

	FY08 £m	FY07 £m	FY06 £m
Henderson Global Investors	99.7	109.6	81.1
Corporate	(19.4)	(2.9)	1.1
Net profit before tax from continuing operations excluding non-recurring items	80.3	106.7	82.2
Non-recurring items	(97.3)	40.5	(7.8)
Net profit before tax from continuing operations	(17.0)	147.2	74.4
Net profit/(loss) before tax from discontinued operations	–	–	(2.0)
Net profit before tax from all operations	(17.0)	147.2	72.4
Taxation – continuing operations	(8.6)	(12.4)	(11.1)
Taxation – non-recurring items	4.8	(2.6)	–
Taxation – discontinued operations	–	–	(0.1)
Total taxation	(3.8)	(15.0)	(11.2)
Net profit after tax from all operations	(20.8)	132.2	61.2
Attributable to:			
Equity holders of the parent	(20.9)	132.1	61.1
Minority Interests	(0.1)	0.1	0.1

	FY08 pence	FY07 pence	FY06 pence
Basic earnings per share from continuing operations before non-recurring items	10.8	11.7	6.4
Diluted earnings per share from continuing operations before non-recurring items	10.0	11.1	6.3
Dividends per share ¹	6.10	6.10 ²	3.15

1 The dividend per share is disclosed for the year to which it relates.

2 Excludes a special dividend of 27.6 pence per share paid by Henderson Group in October 2007.

3. WORKING CAPITAL

The Board is of the opinion that, after taking account of cash balances, bank and other facilities available to it, Henderson Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

4. LISTING AND ADMISSION

Placing Shares

Henderson Group issued 72,324,352 Placing Shares pursuant to the Placing. The Placing Shares were listed on the Official List and admitted to trading on the LSE's main market for listed securities on 5 February 2009. 17,426,000 CDIs each representing one Placing Share commenced trading on the ASX on 6 February 2009.

New Ordinary Shares

Application has been made to the FSA for the New Ordinary Shares to be listed on the Official List and to the LSE for the New Ordinary Shares to be admitted to trading on its main market for listed securities.

5. REQUIREMENT FOR THE PROSPECTUS

Together, the Placing Shares and the New Ordinary Shares represent more than 10 per cent. of the number of shares of the same class admitted to trading on the same regulated market over a period of 12 months. As a result, Henderson Group is required to produce this Prospectus.

6. RISK FACTORS

Investors should consider carefully the risks and uncertainties referred to below. Additional risks and uncertainties that Henderson Group is not aware of or that Henderson Group believes are immaterial may also impair the Group's and/or the Enlarged Group's operations. If they occur, the price of Ordinary Shares could decline.

(a) Risk factors relating to the Proposed Acquisition

The Group is exposed to the following risks:

- New Star's revenues might decline materially prior to completion;
- New Star's revenues might decline materially following completion;
- Henderson Group's revenues might decline materially following completion;
- cost savings expected to result from the Proposed Acquisition may not be achieved; and
- assumptions about the integration of New Star and Henderson may prove to be unrealistic.

(b) General risk factors relating to the Group and/or the Enlarged Group

The Enlarged Group is exposed to the following risks:

- a decline in the value of assets may adversely impact the profitability of the Group;
- adverse movement in interest bearing assets and liabilities;
- liquidity risk in meeting payment obligations as they fall due;
- adverse movements in currency exchange rates;
- credit risk arising from trading with counterparties;
- poor investment performance;
- operational risk arising from losses sustained through inadequate or failed internal processes, people, systems and external events;
- the levels of international investment markets which help determine the value of the AUM on which management and performance fees are calculated;
- changes in the size and mix of AUM of the Group;
- reputational risk;
- changes in regulation and failure to comply with regulatory requirements;
- litigation risk;
- warranties and indemnities in relation to disposed businesses; and
- taxation risk.

(c) Risk factors in relation to Ordinary Shares

Holders of Ordinary Shares are exposed to the following risks:

- share price fluctuation; the price of Ordinary Shares may go down as well as up; and
- although the Directors are not currently aware of any reason to do so, Henderson Group may in future issue additional shares, which may adversely affect the price of Ordinary Shares.

7. DIRECTORS

The Board of Henderson Group comprises the Directors set out below:

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

8. ADDITIONAL INFORMATION

Substantial Shareholdings

As at the Latest Practicable Date, so far as the Directors are aware, no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of Henderson Group:

Registered Holder	Total Holding	Percentage of issued share capital	Percentage of enlarged share capital ¹
Perpetual Limited	106,313,150	13.33%	12.69%
Barclays plc	50,230,156	6.30%	5.99%
Lansdowne Partners Limited Partnership	45,098,010	5.65%	5.38%
Legal & General plc	28,833,257	3.61%	3.44%
AMP Limited	28,722,854	3.60%	3.43%

1 Following the issue of the New Ordinary Shares under the Preference Share Acquisition, and assuming no price adjustment (and that all relevant options over New Star Preference Shares are exercised).

9. CURRENT TRENDS IN TRADING AND PROSPECTS

Henderson Group

We stated in the Class 1 Circular that present market levels were significantly below the average levels of 2008 and that the Board expected this situation to persist in the short to medium term. Therefore, 2009 was likely to be more challenging for earnings than 2008. Since then, as expected, markets have remained weak, reinforcing the challenge for earnings in 2009. However, Henderson Global Investors' competitive long-term investment performance, diversity of revenues and active cost management should provide some support.

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 Shareholders, to extend Henderson Global Investors' product offering and increase market share. Overall, the Group remains in satisfactory shape despite the economic climate.

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 £8.6 billion as at 27 March 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 £517 million and other net outflows of £1.0 billion in the period since 31 December 2008 and market related movements of £1.0 billion. The value of funds redeemed from the New Star Group's UK retail funds during 2009 remains significant, but is below the value of funds redeemed during November and December 2008.

10. DIVIDEND POLICY

The Board is recommending a final dividend for 2008 of 4.25 pence per share, which will bring the total dividend for 2008 to 6.1 pence per share, the same as the total dividend paid for 2007. The proposed final dividend will be paid on 29 May 2009 to Shareholders on the register on 8 May 2009.

PART 1 RISK FACTORS

Any investment in Ordinary Shares would be subject to a number of risks. Prior to investing in Ordinary Shares, prospective investors should consider carefully the following risk factors, which could adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, assets, liquidity, share price and/or capital resources of Henderson Group, the Group and/or the Enlarged Group. Prospective investors should read the whole of this document and not rely solely on the information set out in this Part 1.

Additional risks and uncertainties currently unknown to Henderson Group, or which Henderson Group currently deems immaterial, may also have an adverse effect on the financial condition or business of the Group and/or the Enlarged Group. If this occurs the price of Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

Risk Factors

The risk factors are incorporated by reference into this Prospectus.

Class 1 Circular

The page numbers below refer to the relevant pages of the Class 1 Circular:

- Risk factors relating to the Proposed Acquisition – page 20;
- General risk factors relating to the Group and/or the Enlarged Group – pages 20 to 24; and
- Risk factors in relation to Ordinary Shares – page 24.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Henderson Group since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

Information regarding forward looking statements

This document contains a number of forward-looking statements relating to Henderson Group with respect to, amongst others, the following matters: financial condition; results of operations; the economic conditions in which Henderson Group operates; the business of Henderson Group; benefits of the Proposed Acquisition; and management plans and objectives. Henderson Group considers any statements that are not historical facts as “forward-looking statements”. They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of Henderson Group to differ materially from the information presented in the relevant forward-looking statement. When used in this document, the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should”, and similar expressions, as they relate to Henderson Group or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Henderson Group does not undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any legal or regulatory requirement including the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

Presentation of financial information

Unless otherwise indicated, all references in this document to “sterling”, “pounds sterling”, “£” or “p” are to the lawful currency of the United Kingdom. Both Henderson Group and New Star Group prepare their financial statements in pounds sterling.

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in the section headed “Definitions and glossary” in Part 8.

The financial information in Part 6 – “Financial Information” has been prepared in accordance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) and Interpretations, issued by the International Accounting Standards Board (“IASB”) as adopted by the European Union. The audits of financial information included in Part 6 were performed using standards issued by the Auditing Practices Board in the United Kingdom.

PART 2 DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS

The following table lists the names, positions and ages of the Directors:

Name	Age	Position(s)
Rupert Pennant-Rea	61	<i>Non-Executive Chairman</i>
Andrew Formica	37	<i>Chief Executive</i>
Toby Hiscock	49	<i>Chief Financial Officer</i>
Gerald Aherne	63	<i>Non-Executive Director</i>
Duncan Ferguson	66	<i>Non-Executive Director</i>
Anthony Hotson	55	<i>Non-Executive Director</i>
Tim How	58	<i>Non-Executive Director</i>
John Roques	70	<i>Non-Executive Director</i>

(all of 47 Esplanade, St Helier, Jersey JE1 0BD)

The biographical details of the Directors are incorporated by reference into this Prospectus.

Annual Reports and Accounts

The page numbers below refer to the relevant page numbers of the 2008 Annual Report and Accounts:

- Biographical details of the Directors – page 3.

2. CORPORATE GOVERNANCE

Disclosure in relation to Henderson Group's corporate governance is incorporated by reference into this Prospectus.

Annual Reports and Accounts

The page numbers below refer to the relevant page numbers of the 2008 Annual Report and Accounts:

- Corporate Governance Statement – page 17.

3. COMPLIANCE WITH THE COMBINED CODE AND ASX PRINCIPLES

In the Board's opinion, Henderson Group, as at the date of this Prospectus, complies with the Combined Code and the ASX Principles.

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 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 issued pursuant to the New Star Restructuring (including certain preference shares issued under options) (the "Preference Share Acquisition"). Following completion of the Proposed Acquisition, Henderson Group will also procure the repayment of New Star Group's debt of approximately £20 million. As a result of certain amendments agreed on 2 April 2009 the terms of the Proposed Acquisition imply an enterprise value for New Star of £107 million (based on the closing middle market price per Ordinary Share of 62 pence on 29 January 2009).

Completion of the Proposed Acquisition was conditional upon, among other things, certain approvals by Henderson Group Shareholders. These approvals were required:

- by the Listing Rules, due to the size of New Star relative to that of Henderson Group; and
- by the ASX Listing Rules, given the expected aggregate number of New Ordinary Shares to be issued in connection with the Proposed Acquisition and the Placing Shares which were issued on 5 February 2009. This is because under the ASX Listing Rules, without the approval of Shareholders, Henderson Group must not issue or agree to issue new Ordinary Shares representing more than 15 per cent. of its issued share capital within any 12 month period. Accordingly, this approval will substantially restore Henderson Group's ability under the ASX Listing Rules to issue new Ordinary Shares following completion of the Proposed Acquisition.

The 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 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 platforms¹; 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 better².

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.

2. SUMMARY OF PROPOSED ACQUISITION

Principal terms and conditions of the Proposed Acquisition

The Proposed Acquisition consists of the Offer and the Preference Share Acquisition.

Pursuant to the Offer, New Star Ordinary Shareholders are being offered 2 pence in cash for each New Star Ordinary Share, which 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 issued to the Banks as part of the New Star Restructuring. Accordingly, New Star Ordinary Shareholders (prior to the New Star Restructuring) are expected to receive approximately £5.4 million in aggregate. Although the Preference Share Acquisition may be subject to a price adjustment, as described below, the Offer will not be subject to any price adjustment mechanism.

Pursuant to the Preference Share Acquisition, 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 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 is 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). In light of certain ambiguities that had arisen as to how the price adjustment mechanism would work, on 2 April 2009, Henderson Group took the opportunity to reach a compromise with the Banks and New Star which provided certainty for all parties. As such, it was agreed that the price of the Proposed Acquisition would reduce from £115 million to £107 million in full and final settlement of the price adjustment relating to revenue run-rates.

The terms of the Preference Share Acquisition also provided 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 £107 million (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 issued to the Banks as part of the New Star Restructuring;
- £65.4 million for the preference share capital of New Star issued pursuant to the New Star Restructuring (including preference shares in respect of which options have been granted to certain directors and employees within the New Star Group); and
- £20 million to procure repayment of the outstanding indebtedness of New Star owed to the Banks following the New Star Restructuring.

The Preference Share Acquisition is conditional upon the Offer becoming unconditional. Under the terms of the Preference Share Acquisition, 94 million New Star Preference Shares in issue will be acquired by Henderson Group on completion and, in respect of a further 6 million unissued New Star Preference Shares, options have been granted to certain directors and employees within the New Star Group. Whilst the acquisition of such New Star Preference Shares will be on similar terms to the 94 million New Star Preference Shares being acquired from the Banks, these directors and employees will only receive their consideration under the Preference Share Acquisition to the extent that they remain employed by New Star Group (or if they cease to be so employed other than as a result of their resignation or dismissal for gross misconduct) until 30 September 2009, at which stage, following the exercise of such options, they will receive their cash and share consideration.

The Proposed Acquisition was conditional on, among other things:

- acceptances in relation to the Offer being received in respect of not less than 90 per cent. of New Star Ordinary Shares (or such lesser percentage as Henderson Group may decide);
- the approval of the Resolutions by Henderson Group Shareholders;
- the agreement of the UK Listing Authority and the LSE to Admission, subject to the issue of the New Ordinary Shares;
- completion of the New Star Restructuring, including the approval of the New Star Resolutions by the New Star Ordinary Shareholders; and
- the approval of the FSA and certain other regulatory authorities.

All of these conditions have now been satisfied or waived.

Financing of the Proposed Acquisition

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 27.4 million New Ordinary Shares valued at £17 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 have been granted options over New Star Preference Shares (on the assumption that all such options will be exercised).

Financial effects 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 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 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 by the Board 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 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 Board expects the Proposed Acquisition to be significantly earnings enhancing by 2010¹.

An unaudited pro forma statement of net assets illustrating the effect of the Proposed Acquisition on Henderson Group's net assets as at 31 December 2008, as if the Proposed Acquisition had become effective at this date, is incorporated by reference in this document. This information has been prepared for illustrative purposes only. It shows that the Proposed Acquisition would have led to a pro forma movement in net assets from £293.1 million to £363.8 million as at 31 December 2008.

Future strategy of the Enlarged Group

The Proposed Acquisition is expected to accelerate the realisation of Henderson Group's existing strategy, which is to build a scaleable, profitable, active investment management business offering higher margin products in core equity, fixed income and alternative investment capabilities. The Board continues to regard Henderson Group's home markets as the UK and Europe, with growing businesses in North America and Asia. New Star will add significantly to Henderson Group's market share in the UK and operations in the US.

3. BUSINESS DESCRIPTION OF HENDERSON GROUP

Henderson Group is the holding company of the investment management group, Henderson Global Investors. Henderson Group (or its predecessor company, HGI Group) has, since December 2003, been listed on the Official List and admitted to trading on the main market of the LSE and on the 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.

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 (as at 31 December 2008) and employs 841 people worldwide (as at 31 January 2009).

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

The principal activity of Henderson Group is the provision of investment management services through its investment management business Henderson Global Investors. The business is predominantly pan-European and has a growing presence in North America and Asia.

1 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.

PART 3 INFORMATION ON THE ENLARGED GROUP CONTINUED

Assets under management

Summary of AUM breakdown by business line:

	31 Dec 08 £bn	31 Dec 07 £bn	31 Dec 06 £bn
Higher margin			
– Investment Trusts	2.7	4.3	4.1
– Horizon funds	2.3	3.5	4.0
– UK Wholesale	3.1	3.8	4.0
– US Wholesale	2.3	3.5	1.8
– Hedge funds	0.8	1.2	1.1
– Property (UK/Europe)	7.6	7.4 ¹	6.3 ¹
– Property (US)	1.7	1.3	1.2
– Private Equity	1.2	1.1	1.1
– Structured products	2.2	1.8	2.7
Subtotal	23.9	27.9	26.3
Lower margin			
– Institutional	14.1	11.7 ²	13.3 ²
– Pearl	11.5	17.7	20.5
– Pearl Staff Pension Scheme	–	1.9	1.8
Subtotal	25.6	31.3	35.6
Total	49.5	59.2	61.9

1 Pearl Staff Pension Scheme AUM previously included Property AUM (£0.2 billion at each year end to 31 Dec 07).

2 Pearl Staff Pension Scheme AUM previously included in Lower Margin Institutional AUM (31 Dec 06: £1.6 billion and 31 Dec 07: £1.7 billion)

Summary of AUM breakdown by geographic source of clients:

	31 Dec 08 £bn	31 Dec 07 £bn	31 Dec 06 £bn
UK	36.0	43.1	46.2
Europe ex-UK	5.9	6.7	7.2
North America	5.1	5.9	4.2
Asia	0.7	1.8	1.5
Australasia	1.6	1.5	2.5
Middle East	0.2	0.2	0.3
Total	49.5	59.2	61.9

Henderson Group offers a broad range of products which are sold in the UK, Continental Europe, North America and Asia. Henderson Group believe this reduces the exposure of its business to individual product lines and enables it to deliver attractive product offerings in different market conditions.

Henderson Global Investors considers itself a single operating unit governed by the Board, with sole discretion for setting the strategic direction of the business. Beneath the Board is the Executive Review Committee, consisting of the two Executive Directors, and the Senior Management Team, comprising the Chief Executive and his direct reports, who preside over the business teams. During 2008 these teams were: Pan-European Listed Assets, Property, Private Equity, North America and Asia. Investment and distribution functions lie within each of these teams and cross-selling is encouraged. Central operations and other service functions provide common support.

To improve Henderson Group's distribution and service to clients, the US and Pan-European sales teams have recently been combined into a global Listed Assets business. The North American and European property businesses have also been combined into a global Property business and the Private Equity business continues to be run globally. These actions have improved Henderson Group's understanding of its clients' needs, made product development more efficient and effective, and will form the basis of future reporting.

Geographically, the Group intends to place more emphasis on Asia and is dedicating more senior management resources to this key region.

Henderson Group's main focus continues to be on expanding higher margin AUM. Revenues from higher margin funds in FY08 totalled £207.4 million (FY07: £243.8 million) which, after allocated costs of £109.1 million (FY07: £119.2 million), resulted in a net contribution to overheads of £98.3 million (FY07: £124.6 million). Lower margin and Pearl fund revenues totalled £50.4 million in FY08 (FY07: £82.1 million), with allocated costs and net contribution levels of £38.2 million (FY07: £50.9 million) and £12.2 million (FY07: £31.2 million) respectively.

Pan-European Listed Assets

This team comprises circa 300 people, approximately one third of whom are investment professionals located in London. Distribution professionals are centred in London (and regionally within England), Milan, Paris, Frankfurt, Amsterdam, Luxembourg, Zurich, Vienna and Madrid. These offices also distribute to other European locations on an opportunistic basis.

The product range consists of Wholesale funds (Luxembourg SICAVs, UK OEICs and unit trusts), Hedge funds, Investment trusts, Institutional segregated and pooled funds, structured products and Pearl. The Listed Assets team also manages North America's Institutional mandates and the US Wholesale range.

Listed Assets revenues contributed £161.5 million in FY08 (FY07: £207.7 million), representing 60 per cent. (FY07: 62 per cent.) of Henderson Global Investors' total revenues.

The Listed Assets team generated net new business (excluding Pearl) of £2.6 billion in 2008, mainly in lower margin fixed income and cash funds. Since David Jacob's appointment as Head of Fixed Income in 2004, the fixed income department has undergone a transformation in structure, process and products in order to meet the rapidly evolving needs of clients. This has led to significant investment in human and technical resources.

The structured products business was able to capitalise on opportunities in the distressed debt markets during the year, by being appointed as investment adviser to Ernst & Young in its role as receiver to Sigma Finance Corporation, a structured investment vehicle ("SIV"), and financial adviser to The Bank of New York Mellon, the security trustee of Orion Finance Corporation, another SIV in enforcement. These assets are excluded from AUM, but generate transaction fees for the business.

During FY08, the Horizon fund range saw net outflows of £0.5 billion, whereas UK Wholesale flows were only slightly negative. Investment performance in these products remains good.

In line with the industry as a whole, the Hedge fund range saw outflows in FY08. Despite good investment performance in a number of funds, net fund outflows totalled £0.4 billion. The liquidity and diversity of the Hedge fund business remain sound and, therefore, it was not felt necessary to impose restrictions on fund redemptions. The FY08 outflows provide additional capacity to take on new assets in a number of funds.

Henderson Global Investors purchased approximately 30 per cent. of Attunga Capital Pty Limited ("Attunga") in November 2008. Attunga was set up in December 2005 and was granted its Australian Financial Services Licence in May 2006. It primarily manages three funds utilising two different strategies: the Enviro Opportunities Fund and Power and Enviro Fund both trade power market and related derivative instruments; the Agricultural Trading Fund ("ATF") trades soft commodity and agricultural derivatives. The ATF team also runs a managed account. It is intended to develop a US\$ share class for the ATF to make the fund more marketable as a private placement opportunity. This will also help form a track record for a subsequent SICAV fund.

During the year, Henderson Group focused its resources on funds which are profitable, which have long-term investment performance track records and which are saleable in prevailing market conditions. As a result, a decision was made to close the Henderson Pan-European Active Engagement Fund at the end of 2008.

In early January 2009, a specialist currency team of five members joined Henderson Global Investors from Fortis investment bank. The team will be based in London for the next few months and then relocated to Amsterdam, where it will be headquartered. Following positive feedback from the consultant community and investor contacts, this team intends to launch a blended G10 and EM currency fund using a Cayman domiciled fund vehicle. The team also won its first segregated mandate for Henderson Global Investors in January 2009.

Property

This team comprises circa 160 people, approximately 40 per cent. of whom are investment professionals located in Amsterdam, Frankfurt, London, Milan, Paris and Vienna. Distribution professionals are centred in London and Frankfurt. These offices also distribute to other European regions, for example, Scandinavia.

The product range consists of segregated accounts, pooled property vehicles, specialist vehicles and multi-manager fund of funds. Property AUM as at 31 December 2008 comprised £7.0 billion (85 per cent.) of closed-ended funds, £0.6 billion (7 per cent.) of segregated accounts and £0.7 billion (8 per cent.) of open-ended funds. Typically, closed-ended funds have seven to 10 year life spans and exit is only possible on a matched bargain basis. The Property investor base is entirely institutional. There are no significant outstanding redemption notices in respect of the open-ended funds.

The contribution to revenues from Property in FY08 was £50.1 million (FY07: £61.6 million) and represented 18 per cent. (FY07: 18 per cent.) of Henderson Global Investors' total revenues. The fall in revenues year-on-year was mainly due to a three year performance fee in FY07 of £8.2 million in respect of the Henderson Caspar Property Fund.

There were net fund inflows in FY08 of £0.8 billion, including £0.4 billion into the Henderson UK Outlet Mall Fund launched in 2H08. At 31 December 2008, the pipeline of client committed, but uninvested, capital was £1.4 billion (FY07: £1.7 billion). Whilst property valuations have been adversely impacted by recent economic conditions, the committed capital remains secure and is expected to fund investment opportunities in late 2009/2010.

Private Equity

This team comprises 27 people, approximately 60 per cent. of whom are investment professionals located in London, Singapore, Hong Kong and New Delhi. Distribution is carried out by the Listed Assets distribution team and external placement agents.

The product range consists of Infrastructure, Asian Private Equity and Global fund of funds products.

The contribution of Private Equity to revenues in FY08 was £14.6 million (FY07: £16.5 million) and represented 5 per cent. (FY07: 5 per cent.) of Henderson Global Investors' total revenues.

2008 was another year of consolidation for the Private Equity business, with economic conditions affecting asset-raising opportunities across the product range. However, the same conditions mean it is a good time to invest funds already raised and the team continues to seek out suitable opportunities, mainly in China and India.

This team also continued to develop the infrastructure business in 2008. John Laing, an investment of the Henderson PFI Secondary Fund II L.P., one of Henderson Global Investors' specialist infrastructure funds, had a sound year, particularly given market conditions. Marketing of a third infrastructure fund commenced during the year, however, given current conditions, it is expected that the closing of this fund will be somewhat delayed. More recently, it was announced that the Agility Trains consortium, of which John Laing is a major partner, has been selected as the preferred bidder by the UK Department for Transport for the provision of rail infrastructure services, with a potential value of up to £7.5 billion over the project life.

North America

This team comprises circa 95 people, approximately 23 per cent. of whom are property investment professionals located in Hartford, Connecticut and Chicago, Illinois and 52 per cent. represent distribution professionals, operating in all the major states.

The US team is responsible for Institutional (AUM £1.1 billion), Property (AUM £1.7 billion) and Wholesale (AUM £2.3 billion) funds sold in this market.

The contribution of North America to revenues for FY08 was £38.2 million (FY07: £36.6 million) and represented 14 per cent. (FY07: 11 per cent.) of Henderson Global Investors' total revenues.

The US Wholesale range currently comprises 10 funds, including two new funds targeted primarily at institutional investors. This fund range saw net outflows totalling £0.4 billion during 2008, due to general market weakness, but investment performance remains competitive. In addition, during 2H08, this team won a £0.3 billion EAFE mandate for a new institutional client.

At 31 December 2008, the pipeline of committed, but uninvested, capital in respect of US Property clients was £0.6 billion (FY07: £0.6 billion).

Asia

This team comprises circa 20 people, who are mainly distribution professionals selling products manufactured mainly by the Listed Assets team. These professionals are centred in Singapore (headquarters), Hong Kong and Tokyo and also serve distribution relationships in Taiwan, Malaysia and Indonesia.

The product range consists of Horizon funds, Hedge funds and segregated institutional mandates.

The contribution to revenues by Asia in FY08 was £8.1 million (FY07: £15.0 million) and represented 3 per cent. (FY07: 4 per cent.) of Henderson Global Investors' total revenues.

4. BUSINESS DESCRIPTION OF THE NEW STAR GROUP

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 in 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 AUM¹ was £11.1 billion split by client category as follows:

	%
Mutual funds	51
Institutional	36
Alternative assets	8
Other ²	5
	100

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.

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 (after allowing for the loss of the Family Assurance management contract) 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 had, after adopting Henderson Group's accounting policies, net assets of £0.8 million.

5. PRINCIPAL INVESTMENTS

Henderson Group's main corporate investment comprises the shareholding in Banco Popolare Gruppo Bancario ("BP") with a market value as at 31 December 2008 of £18.7 million (2007: £53.7 million). The original investment was made in connection with a distribution arrangement with Banco Popolare Italiana (the bank's name prior to the merger with Banco Popolare di Verona e Novara in June 2007) to market and sell investment products. The distribution arrangement has subsequently been terminated and, in December 2008, the Group disposed of approximately 20 per cent. of its holding in BP. The remaining balance on the investment was impaired to its market value at 31 December 2008 of £18.7 million, in accordance with International Financial Reporting Standards.

In supporting the growth of its business through the launch of new products, Henderson Group also invests seed capital in investment funds to demonstrate its alignment with client interests. The seed capital investments vary in duration, depending on the nature of the investment, with a typical range of less than one year for listed asset products and between three to five years for private equity and property funds. These investments are also marked-to-market and had a fair value at 31 December 2008 of £57.2 million (31 December 2007: £48.0 million).

Henderson Group keeps its corporate and seed capital investments under constant review and realises its holdings from time to time so as to be in a position to participate in other selective investment opportunities.

6. WORKING CAPITAL

The Board is of the opinion, after taking account of cash balances, bank and other facilities available to it, that Henderson Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

7. DIVIDEND POLICY

The Board is recommending a final dividend for 2008 of 4.25 pence per share, which will bring the total dividend for 2008 to 6.1 pence per share, the same as the total dividend paid for 2007. The proposed final dividend will be paid on 29 May 2009 to shareholders on the register on 8 May 2009.

8. CURRENT TRENDS IN TRADING AND PROSPECTS

Henderson Group

We stated in the Class 1 Circular that present market levels were significantly below the average levels of 2008 and that the Board expected this situation to persist in the short to medium term. Therefore, 2009 was likely to be more challenging for earnings than 2008. Since then, as expected, markets have remained weak, reinforcing the challenge for earnings in 2009. However, Henderson Global Investors' competitive long-term investment performance, diversity of revenues and active cost management should provide some support.

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 Shareholders, to extend Henderson Global Investors' product offering and increase market share. Overall, the Group remains in satisfactory shape despite the economic climate.

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 £8.6 billion as at 27 March 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 £517 million and other net outflows of £1.0 billion in the period since 31 December 2008 and market related movements of £1.0 billion. The value of funds redeemed from the New Star Group's UK retail funds during 2009 remains significant, but is below the value of funds redeemed during November and December 2008.

9. EMPLOYEES

Set out below is the average number of employees employed by the Group for each of the last three calendar years:

Financial Period	Average number of employees
Twelve months ended 31 December 2006	893
Twelve months ended 31 December 2007	921
Twelve months ended 31 December 2008	920

Set out below is the average number of employees employed by New Star for each of the last three calendar years:

Financial Period	Average number of employees
Twelve months ended 31 December 2006	314
Twelve months ended 31 December 2007	396
Twelve months ended 31 December 2008	423

PART 4 OPERATING AND FINANCIAL REVIEW

The section that follows should be read in conjunction with "Information on the Enlarged Group" set out in Part 3 and the "Financial information" set out in Part 6. Prospective investors should read the entire document and not just rely on the summary information set out below. The financial information considered in this Part 4 is extracted from the "Financial information" set out in Part 6. The consolidated financial statements referred to in this discussion have been prepared in accordance with IFRS.

1. FACTORS AFFECTING RESULTS OF HENDERSON GROUP OPERATIONS

The principal factors that affect Henderson Group's results are:

Size and mix of assets under management and fee levels

The size and mix of assets under management are drivers of profits as fee income is mainly earned on the value of assets under management and the revenue margins negotiated with clients, which vary according to, and within, each asset class.

Retention and acquisition of clients and assets under management

The impact of client retention and new business sales on the financial results of Henderson Group is significant. The net gain or loss of clients and their assets under management lead directly to a net gain or loss of income.

Market and investment performance

Henderson Group's profitability is heavily impacted by investment performance because it drives the value of assets under management on which both management fees and performance fees are calculated. Investment performance is affected by general economic conditions and fluctuations in the debt and equity markets and also by the extent to which borrowing is used in the funds. Performance fees are earned when investment performance is greater than set hurdle rates or benchmarks. The level of performance fees can have a significant impact on the financial results of Henderson Group.

Cost levels

Remuneration of its investment professionals and other employees constitutes the largest proportion of Henderson Group's operating expenses. Variable compensation and bonus costs are an important component of total remuneration and tend to increase with increases in profitability and vice versa. Other operating expenses tend to increase with increases in the level of business activity. As Henderson Group grows, management will continue to seek benefit from the scalability of its existing and future investment management platform, operations and infrastructure. Henderson Group targets an overall improvement in the ratio of cost to income over time, through disciplined control of the cost base in relation to the growth of revenues.

2. HENDERSON GROUP RESULTS

The financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of Henderson Group, prepared in accordance with IFRS and incorporated into this Prospectus by reference.

	FY08 £m	FY07 £m	FY06 £m
Henderson Global Investors	99.7	109.6	81.1
Corporate	(19.4)	(2.9)	1.1
Net profit before tax from continuing operations excluding non-recurring items	80.3	106.7	82.2
Non-recurring items	(97.3)	40.5	(7.8)
Net profit before tax from continuing operations	(17.0)	147.2	74.4
Net profit/(loss) before tax from discontinued operations	–	–	(2.0)
Net profit before tax from all operations	(17.0)	147.2	72.4
Taxation – continuing operations	(8.6)	(12.4)	(11.1)
Taxation – non-recurring items	4.8	(2.6)	–
Taxation – discontinued operations	–	–	(0.1)
Total taxation	(3.8)	(15.0)	(11.2)
Net profit after tax from all operations	(20.8)	132.2	61.2
Attributable to:			
Equity holders of the parent	(20.9)	132.1	61.1
Minority Interests	0.1	0.1	0.1

	FY08 pence	FY07 pence	FY06 pence
Basic earnings per share from continuing operations before non-recurring items	10.8	11.7	6.4
Diluted earnings per share from continuing operations before non-recurring items	10.0	11.1	6.3
Dividends per share ¹	6.10	6.10 ²	3.15

1 The dividend per share is disclosed for the year to which it relates.

2 Excludes a special dividend of 27.6 pence per share paid by Henderson Group in October 2007.

2007 vs 2006

Henderson Group's net profit before tax from continuing operations in FY07, excluding non-recurring items, was £106.7 million, an increase of £24.5 million (30 per cent.) on FY06 (£82.2 million). Henderson Global Investors delivered a 35 per cent. increase in net profit before tax and non-recurring items to £109.6 million in FY07 (FY06: £81.1 million). Corporate made a loss of £2.9 million (FY06: £1.1 million profit), comprising Corporate net interest income of £6.2 million, compared to £12.6 million in FY06, and expenses of £9.1 million (FY06: £11.5 million). The reduction in Corporate net interest income is due to the capital return in October 2006 (£200 million), the special dividend paid in October 2007 (£250 million) and the net interest expense associated with debt raised in May 2007. Corporate costs of £9.1 million in FY07 were down 21 per cent. from £11.5 million in FY06. FY06 costs included £2.0 million associated with a strategic acquisition opportunity, which was not pursued, and the renegotiation of the Pearl Investment Management Agreements ("IMAs").

Two non-recurring items were recognised in FY07:

- an accounting gain of £31.8 million on the Group's investment in Banca Popolare Italiana, following its merger with Banco Popolare di Verona e Novara, forming the newly incorporated BP; and
- an £8.7 million past service credit relating to the Henderson Group Pension Scheme.

The corporate tax charge for continuing operations in FY07, excluding non-recurring items, was £12.4 million, giving an effective tax rate of 11.7 per cent. (FY06: 14.9 per cent.). The effective tax rate for all operations in FY07 was 10.2 per cent. (FY06: 15.5 per cent.), including non-recurring items. The primary reasons for the effective tax rate being less than the UK statutory rate are the utilisation of previously unrecognised deferred tax assets and the release of surplus provisions for prior year tax matters.

2008 vs 2007

Henderson Group's profit before non-recurring items and tax for FY08 was £80.3 million, a decrease of £26.4 million (25 per cent.) on FY07 (£106.7 million). Henderson Global Investors' profit before non-recurring items and tax decreased by 9 per cent. to £99.7 million in FY08 (FY07: £109.6 million). Corporate made a loss of £19.4 million in FY08 (FY07: £2.9 million), comprising net interest expense of £11.7 million (FY07: net interest income of £6.2 million) and Corporate costs of £7.7 million (FY07: £9.1 million). The change to a Corporate net interest expense from income reflects lower interest generating cash balances due to the payment of a special dividend to shareholders in October 2007 and the full year impact of interest costs associated with the Corporate debt instrument issued in May 2007.

The following non-recurring items before tax were recognised in FY08:

- a £1.5 million profit on the unwinding of an interest rate swap on the Corporate debt;
- a £68.8 million loss on part disposal and impairment of the equity holding in BP;
- a £7.2 million impairment of an investment in a Henderson Global Investors structured product;
- a charge of £15.7 million in respect of restructuring;
- a charge of £4.5 million in respect of the scheme of arrangement; and
- a charge of £2.6 million in respect of a review of most of the Group's third party administration arrangements.

There were two non-recurring items before tax recognised in FY07 (see above):

- an accounting gain of £31.8 million on the Group's investment in BP; and
- a £8.7 million past service credit relating to the Henderson Group Pension Scheme.

The corporate tax charge on recurring operations in FY08 was £8.6 million (FY07: £12.4 million), giving an effective tax rate of 10.7 per cent. (FY07: 11.7 per cent.). The primary reasons for the effective tax rate on recurring operations being less than the current UK statutory rate of 28.5 per cent. (pro rata) were the recognition of previously unrecognised deferred tax assets and the release of surplus provisions in respect of prior years.

3. HENDERSON GLOBAL INVESTORS RESULTS

	FY08 £m	FY07 £m	FY06 £m
Management fees (net of commissions payable)	221.9	258.0	221.2
Transaction fees	16.5	17.8	24.6
Performance fees (net of fund manager bonuses)	19.4	50.1	37.3
Total fee income	257.8	325.9	283.1
Investment income	14.7	11.5	12.6
Total income	272.5	337.4	295.7
Operating costs	(170.4)	(225.3)	(211.8)
Depreciation and amortisation	(2.4)	(2.5)	(2.8)
Total expenses	(172.8)	(227.8)	(214.6)
Operating profit before tax and non-recurring items	99.7	109.6	81.8
Margins on average AUM			
Average AUM (£bn)	53.7	61.1	65.1
Total fee margin (bps)	48.0	53.3	43.5
Management fee margin (bps)	41.3	42.2	34.0
Net margin (bps)	18.6	17.9	12.5
Assets under management (£bn)	49.5	59.2	61.9
Cost to income ratio (%)	63.4	67.5	72.6

2007 vs 2006

Assets under management

Total AUM as at 31 December 2007 were £59.2 billion, £2.7 billion or 4 per cent. below AUM as at 31 December 2006. Net client outflows of £5.3 billion comprised £4.1 billion net outflows in respect of Pearl, £2.2 billion from lower margin Institutional business (including £0.9 billion relating to terminating the sub-advisory agreement with BP) and £0.9 billion from structured products, partially offset by higher margin net inflows of £1.9 billion, comprising £0.9 billion into Property funds, £0.9 billion into Wholesale funds and £0.1 billion into Hedge funds. The structured product outflows represented noteholder redemptions at above par value and resulted in make-whole management fees, which have been recognised in FY07. In addition, there were favourable market and foreign exchange rate movements of £2.6 billion.

Revenues and fee margins

Net profit before tax for Henderson Global Investors in FY07 increased 35 per cent. to £109.6 million (FY06: £81.1 million).

Total fee income in FY07 was up 15 per cent. to £325.9 million (FY06: £283.1 million). Management fee income increased 17 per cent. to £258.0 million in FY07 due to growth in management fee margins and favourable markets compared to FY06. Transaction fee income fell 28 per cent. to £17.8 million in FY07 (FY06: £24.6 million), primarily due to lower transaction levels within Property funds. Net performance fees increased by 34 per cent. in FY07 to £50.1 million, reflecting greater performance fee diversity and strong performance across a number of Hedge and Property funds.

Growth in the higher margin lines of business pushed up average management fee and net margins in FY07 to 42.2bps (FY06:34.0bps) and 17.9bps (FY06:12.5bps) respectively. Total fee margins increased from 43.5bps in FY06 to 53.3bps in FY07.

Operating costs

Operating costs increased by 6 per cent. to £225.3 million in FY07. A reduction in costs across most expense categories (investment administration, IT and office expenses) was offset by increased staff costs and higher other expenses. Variable staff costs (primarily bonus and share plans) increased in line with the strong operating performance during the period, to £79.3 million, (FY06: £65.7 million), whereas fixed staff costs fell from £75.7 million in FY06 to £74.4 million in FY07. Other expenses increased to £32.8 million (FY06: £25.6 million) due to a £6.0 million 2H07 impairment of a seed investment and a further £3.1 million of 1H07 provisioning in respect of potential national insurance claims.

Overall, the increase in total income more than offset the higher costs in FY07, resulting in another improvement in the cost to income ratio from 72.6 per cent. in FY06 to 67.5 per cent. in FY07, excluding non-recurring items.

2008 vs 2007

Assets under management

Total AUM at 31 December 2008 were £49.5 billion, £9.7 billion or 16 per cent. below AUM at 31 December 2007, whilst monthly average AUM in FY08 was 12 per cent. below that in FY07. Net fund outflows of £3.8 billion comprised £6.7 billion net outflows in respect of Pearl (including £1.8 billion relating to the Pearl Staff Pension Scheme) and £0.8 billion higher margin net outflows, partially offset by lower margin net inflows of £3.7 billion. In addition, there were unfavourable market and foreign exchange rate movements of £5.9 billion during the year.

Revenues and fee margins

Total fee income in FY08 of £257.8 million was 21 per cent. below FY07 (£325.9 million). Within this, management fee income decreased 14 per cent. to £221.9 million in FY08, reflecting subdued market conditions, with the FTSE 100 Index averaging 16 per cent. lower than in the prior year. Transaction fees fell 7 per cent. to £16.5 million in FY08 (FY07: £17.8 million), primarily due to reduced Property deal flow. Net performance fees decreased by 61 per cent. in FY08 to £19.4 million (FY07: £50.1 million), with hedge funds, property and institutional being the main contributors.

Average management fees and net margins in FY08 were 41.3bps (FY07: 42.2bps) and 18.6bps (FY07: 17.9bps) respectively. Total fee margin decreased from 53.3bps in FY07 to 48.0bps in FY08, largely due to lower net performance fees.

Operating costs

Operating costs decreased by 24 per cent. to £170.4 million in FY08. A reduction in costs was achieved in all expense categories, apart from investment administration, which showed a slight increase compared to FY07, mainly due to a higher level of institutional client assets, particularly fixed income assets taken on in the year. Fixed staff costs reduced by £2.7 million to £71.7 million in FY08.

The number of Henderson Group employees at the end of 2008 was 863, compared to 946 at the end of 2007, and is expected to fall further in 2009. Approximately 25 per cent. of staff are employed outside the UK and the impact of the headcount reductions has been partly offset by the weakening of the pound sterling against most major currencies during 2008. The cost of the headcount reductions has been charged as a non-recurring item in FY08. Variable staffs costs reduced by 51 per cent. compared to FY07, in excess of the fall in total income.

The decrease in other operating costs includes reductions in discretionary expenses, primarily legal and professional, marketing and travel and subsistence, in line with lower headcount and activity levels.

Investment income

Investment income in FY08 increased by 28 per cent. to £14.7 million. The main contributors were distributions from available-for-sale financial assets and higher interest income on cash balances.

4. LIQUIDITY AND CAPITAL RESOURCES

Cash flow and capital resources

The principal source of liquidity for the Henderson Group is cash generated by the business from management, net performance and transaction fees. For the period under review, the cash generated from the business has been more than adequate to finance Henderson Group's working capital requirements, capital expenditure and annual dividends (including the return of cash) to Shareholders.

The table below is a summary consolidated cash flow statement for Henderson Group, which has been extracted without material adjustment from the audited financial statements of Henderson Group, prepared in accordance with IFRS and incorporated into this Prospectus by reference.

	FY08 £m	FY07 £m	FY06 £m
Net cash flows:			
from operating activities	(20.4)	127.7	21.7
from investing activities	(23.9)	(0.5)	47.5
from financing activities	(59.7)	(189.4)	(256.0)
Effects of exchange rate changes	8.1	1.1	(0.6)
Net increase/(decrease) in cash and cash equivalents	(95.9)	(61.1)	(187.4)
Cash and cash equivalents at end of year	152.1	248.0	309.1

Henderson Group generated positive operating cash flows in most periods under review. The decrease in cash and cash equivalents from £309.1 million in 2006 to £152.1 million at 31 December 2008 is primarily due to the returns of surplus capital to Shareholders in 2006 and 2007. The sale of the Life Services business in April 2005 realised cash proceeds of approximately £1.07 billion. Since 2005, Henderson Group has returned approximately £1.3 billion in cash to Shareholders in three separate transactions (being £870 million in 2005; £200 million in 2006 and £250 million in 2007). Nevertheless, Henderson Group's balance sheet, regulatory capital and cash position remain strong.

Total cash and cash equivalents at 31 December 2008 were £152.1 million. Within this total, certain amounts have been set aside to cover the funding for the Proposed Acquisition (£44 million), the 2008 final dividend (£34 million), provisions (£18 million) and regulatory and working capital (£50 million). Included within cash and cash equivalents of £152.1 million is restricted cash of £6 million, in respect of amounts owed to the Pension Scheme (£4.7 million) and obligations in respect of Towry Law International following an agreement with the Hong Kong Securities and Futures Commission (£0.6 million).

On 2 May 2007, Henderson Group completed a £175 million debut unrated debt issuance at a price of five-year gilts + 125bps. The aim of the issue was to improve the efficiency of Henderson Group's balance sheet. Henderson Group swapped the fixed interest coupon on the debt into a floating rate on issue in order to match the rates earned on its cash balances. The interest rate swap was unwound on 9 December 2008 and realised a profit of £1.5m before tax, recognised as a non-recurring item in the consolidated income statement. The fair value adjustment to the debt carrying value, attributable to the hedged interest rate risk up to the date of unwinding the swap, £10.5 million, is being released to profit over the remaining term of the debt to maturity on 20 May 2012. During 2008, £0.2 million was credited to finance costs in the consolidated income statement.

Current levels of gearing at 31 December 2008 remain prudent as measured by ratios of debt to equity at 0.6 times (31 December 2007: 0.6 times), debt to EBITDA at 1.8 times (31 December 2007: 1.7 times) and EBITDA coverage of interest expense at 8 times (31 December 2007: 9 times).

PART 4 OPERATING AND FINANCIAL REVIEW CONTINUED

The table below shows the capital position of Henderson Group as at 28 February 2009, which has been extracted without material adjustment from the internal accounting records of Henderson Group prepared in accordance with IFRS.

	28 February 2009 £m
Total current debt	–
Total non-current debt	
Unguaranteed/unsecured	184.1
Shareholders' equity	
Share capital	99.7
Share premium	231.9
Other reserves	(77.5)
Total	438.2

There has been no material change to the capital position of Henderson Group since 28 February 2009.

The table below shows the net financial indebtedness of Henderson Group as at 28 February 2009, which has been extracted without material adjustment from the internal accounting records of Henderson Group prepared in accordance with IFRS.

	28 February 2009 £m
Cash	39.4
Cash equivalents	143.7
Trading securities	61.6
Liquidity	244.7
Current financial receivables	64.4
Net current financial indebtedness/(cash position)	(309.1)
Non-current financial indebtedness (see above)	184.1
Net financial indebtedness/(cash position)	(125.0)

There has been no material change to the net financial indebtedness of Henderson Group since 28 February 2009.

Regulatory capital

With effect from 1 January 2007, all UK regulated entities within Henderson Group were required to meet the Pillar I capital requirements set out in the European Capital Requirements Directive (the "Directive"). Further requirements under Pillar II and Pillar III came into effect on 1 January 2008. The Directive requires continual assessment of Henderson Group's risks in order to ensure that the higher of Pillar I and II requirements is met. Henderson Group has completed its assessment of regulatory capital requirements for 2008 including the Individual Capital Adequacy Assessment Process under Pillar II. This has been discussed with the FSA, but is subject to formal review by the FSA in 2009. The regulatory surplus of Henderson Group under the Financial Holding Company Test was £299 million at 31 December 2008 (2007: £324 million). Henderson Group does not foresee any significant change in the level of capital required to satisfy prudential regulations.

Henderson Group has a waiver from consolidated capital requirements, granted by the FSA, under section 8.4 of the Prudential Sourcebook for Banks, Building Societies and Investment Firms. The existing waiver is valid for five years and expires on 31 October 2013.

Pension schemes

There are three types of pension schemes within Henderson Group: the funded and approved defined benefit scheme, which closed to new members on 15 November 1999; the funded and approved money purchase scheme; and a number of smaller unapproved pension top-up schemes for executives. The first two schemes together form the Henderson Group Pension Scheme (the "Pension Scheme").

There was a net surplus in the Pension Scheme of £152.5 million, before deferred tax provisions, at 31 December 2008 (FY07: £62.3 million). The favourable movement in the Pension Scheme surplus during 2008 was principally due to an increase in the AA corporate bond interest rate, used to value liabilities, from 5.8 per cent. to 6.4 per cent. per annum, coupled with a decrease in the inflation rate, from 3.5 per cent. to 3.0 per cent. per annum.

A number of steps have been taken by Henderson Group to reduce the value at risk of the Pension Scheme in recent years. On 13 December 2006, Henderson Group entered into a ten-year agreement with the Trustee to fund the Pension Scheme to at least 106 per cent. of its liabilities on an IAS 19 basis. As at 31 December 2008, the Pension Scheme was 161 per cent. funded on this basis. Certain changes to service benefits came into effect on 1 April 2007, following a period of staff consultation and agreement with the Trustee. The main effect of these changes was to restrict salary increases for pension purposes to the lower of the retail price index and actual. In addition, in connection with the £200 million return of capital in 2006, Henderson Group agreed with the Trustee to fund £80 million in special contributions to the Pension Scheme. These were spread over a three-year period with £40 million paid in 2006, £20 million paid in 2007 and a third and final payment of £20 million in October 2008.

During 2007, a liability driven investment strategy was adopted for the Pension Scheme assets backing defined benefit liabilities. Under this arrangement, 50 per cent. of Pension Scheme assets were transferred into a risk-reducing portfolio, comprising assets broadly matching the liability profile of the Pension Scheme, and the other 50 per cent. of assets were invested in a well-diversified return-seeking portfolio. These changes were implemented during 2007.

During the first half of 2008, the Pension Scheme entered into swap overlay arrangements to hedge 50 per cent. of its exposure to interest rates and in December 2008 an inflation rate swap was implemented to protect approximately 25 per cent. of the Pension Scheme's index-linked liabilities.

Treasury policy

Henderson Group has an established treasury management framework.

The principal balance sheet exposures of Henderson Group are in respect of corporate investments. Corporate investments held on the consolidated balance sheet comprise a shareholding in BP, with a market value as at 31 December 2008 of £18.7 million, and seed capital investments in Henderson Global Investors funds. The seed capital investments vary in duration, depending on the nature of the investment, with a typical range of one to two years for Listed Asset products and between three and five years for Private Equity and Property funds. These investments are marked-to-market monthly. It is not usually possible or appropriate to hedge the market exposure of seed investments, as they are typically in place to demonstrate alignment with client interests. The total market value of the seed capital investments at 31 December 2008 was £57.2 million.

Henderson Group's business is impacted through its exposure to non-pounds sterling income and expenses, and assets and liabilities of non-UK subsidiaries as well as assets and liabilities denominated in currency other than pounds sterling.

Foreign currency risk is managed by Henderson Group's finance function, whereby foreign currency balances are monitored closely and, where cost effective, hedging options are considered. Henderson Group seeks to use natural hedges, namely other financial assets and liabilities of opposite value denominated in the same currency. Where there is a mismatch, any material currency flows, which are reasonably certain, are actively hedged by way of three-month rolling forward foreign currency contracts. Where there is insufficient certainty, the currency is translated back into pounds sterling on receipt.

Henderson Group is exposed to interest rates on banking deposits held in the ordinary course of business. This exposure is monitored by management on a continuing basis.

Henderson Group liquidity is managed on a daily basis by the Group's finance function, to ensure that the Group has sufficient cash and/or highly liquid assets available to meet its liabilities. This function also controls and monitors the use of the Group's non-operating capital resources. It is Henderson Group's policy to ensure that it has access to funds to cover all forecast commitments for the next 18 months.

Henderson Group has an established credit policy, to ensure that it only trades with counterparties that are able to meet satisfactory rating requirements. Counterparty limits are reviewed and set centrally by the Group's credit risk committee. Management is responsible for ensuring that it remains within these limits and the Group's risk management services function monitors and reports any exceptions to policy. This function is also responsible for reporting exposures to the Group's Audit Committee on a quarterly basis and for ensuring that any credit concerns are raised and actions taken to mitigate risks.

UK TAXATION

The following paragraphs, which are intended as a general guide only and are not a substitute for detailed tax advice, are based on current legislation, and on what is understood to be current HM Revenue & Customs practice, as at the date of this document.

These paragraphs summarise certain limited aspects of the UK tax consequences of holding New Ordinary Shares. In particular they do not cover the tax consequences of disposal of the New Star Preference Shares, or any options relating to them, in return for New Ordinary Shares or cash under the Preference Share Acquisition, nor do they cover any consequences of disposal of New Ordinary Shares.

Unless otherwise expressly stated, they apply only to persons who are resident and, if individuals, ordinarily resident and domiciled in the United Kingdom for tax purposes, who will hold their New Ordinary Shares as an investment (other than within an individual savings account) and who will be the absolute beneficial owners of those shares, and who have not (and are not deemed to have) acquired those shares by virtue of an office or employment (whether current, historic or prospective). In addition, they may not apply to certain classes of Shareholders such as collective investment schemes and insurance companies. The following paragraphs do not apply to persons that either alone or together with any connected persons, hold directly or indirectly New Ordinary Shares that give them an interest in 10 per cent. or more of the issued share capital of, or of the voting rights in respect of, Henderson Group.

Shareholders are recommended to consult an appropriate professional adviser immediately regarding their tax position in respect of any other aspects of the Proposed Acquisition (if relevant), and in any event if in doubt about their tax position in relation to the holding of New Ordinary Shares.

1. Dividends paid on the New Ordinary Shares

Individuals

Any Shareholder who is an individual resident (for tax purposes) in the UK will be entitled to a tax credit equal to one-ninth of the dividend paid by Henderson Group (before deduction of Republic of Ireland tax withheld (if any)). Such an individual will be taxable on the total of the dividend before deduction of Republic of Ireland tax withheld (if any) and the related tax credit (the "gross amount"), which will be regarded as the top slice of the individual's income.

A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the basic rate will be subject to income tax on the dividend at the rate of 10 per cent. of the gross amount so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. A UK resident individual Shareholder liable to income tax at the higher rate will be subject to income tax on the gross amount at (currently) 32.5 per cent. to the extent that such sum, when treated as the top slice of such Shareholder's income, falls above the threshold for higher rate income tax. However, such Shareholder will be able to set the tax credit off against part of this liability. The effect of that set-off of the tax credit is that such a Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross amount (which is also equal to 25 per cent. of the cash dividend received).

The UK Government has announced proposals to introduce, with effect from 6 April 2011, a new tax rate of 45 per cent. for taxable non-savings and savings income above £150,000. On and after the date on which the new rate takes effect, if and to the extent that the gross amount received by a UK resident individual falls above the threshold for income tax at the new 45 per cent. rate, that individual will be subject to tax on the gross amount at the rate of 37.5 per cent.. If the new rate of tax is applied in the same way as the existing rates, that individual would be able to set the tax credit off against part of this liability and the effect of that set-off of the tax credit would be that such an individual would have to account for additional tax equal to 27.5 per cent. of the gross amount (which is also equal to 30.6 per cent. of the cash dividend before deduction of any Republic of Ireland tax withheld), to the extent that the gross amount fell above the threshold for the new 45 per cent. rate of income tax.

A Shareholder who is not liable to tax on dividends received from Henderson Group will not be entitled to claim payment of the tax credit in respect of those dividends.

Corporate Shareholders

A corporate Shareholder who is resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its New Ordinary Shares are held will generally be subject to UK corporation tax on the gross amount of any dividends paid by Henderson Group before deduction of Republic of Ireland tax withheld (if any).

The UK Government has published draft legislation which would, if passed in its current form, significantly change the tax treatment of dividends received by shareholders within the charge to corporation tax. Based on the draft legislation in its current form, it appears likely that dividends paid on the New Ordinary Shares to UK resident corporate shareholders would generally (subject to anti-avoidance rules) fall within one or more classes of dividend qualifying for exemption from corporation tax. It should be noted that the draft legislation is likely to change before being passed and Shareholders within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation, once finally enacted.

Credit for Republic of Ireland withholding tax

As noted below (please see Republic of Ireland Taxation section, in particular as to the rules regarding ultimate control of corporate Shareholders), no Republic of Ireland dividend withholding tax should generally be withheld from dividends paid to UK tax-resident Henderson Group Shareholders if the appropriate declaration has been made to the Henderson Group share registry prior to payment of the dividend. If any Republic of Ireland tax is withheld from such dividends, HM Revenue & Customs will generally give credit for any Republic of Ireland withholding tax withheld from the payment of a dividend and not recoverable from the Republic of Ireland tax authorities against UK income tax or UK corporation tax payable by Henderson Group Shareholders in respect of the dividend.

2. Dividends paid under the IAS plan

All Shareholders will be deemed to make an election to participate in the income access share plan (the "IAS plan"), unless any such Shareholders lodge an election not to participate in the IAS plan.

If a Shareholder receives dividends under the IAS plan, such Shareholder will be receiving dividends from a UK resident company. There will not be a requirement to withhold at source any amount in respect of UK tax from dividend payments this company makes under the IAS plan regardless of who receives the payment.

Individuals

A UK resident individual shareholder who receives a dividend under the IAS plan will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend received, (the "gross dividend"). A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the basic rate will be subject to income tax on the dividend at the rate of 10 per cent. of the gross dividend so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. A UK resident individual Shareholder liable to income tax at the higher rate will be subject to income tax on the gross dividend at (currently) 32.5 per cent. to the extent that such sum, when treated as the top slice of such Shareholder's income, falls above the threshold for higher rate income tax. However, such Shareholder will be able to set the tax credit off against part of this liability. The effect of that set-off of the tax credit is that such a Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received).

Reference is made to the statements above regarding the UK Government's proposals to introduce, with effect from 6 April 2011, increased tax rates for taxable non-savings and savings income above £150,000.

Corporate Shareholders

A Shareholder who is within the charge to UK corporation tax will not generally be taxable on any dividend it receives under the IAS plan.

Reference is made to the statements above regarding draft legislation and the treatment of dividends received by Shareholders within the charge to corporation tax. The draft legislation, if enacted, would also apply to dividends paid under the IAS plan.

A Shareholder who is not liable to tax on dividends received under the IAS plan will not be entitled to claim payment of the tax credit in respect of those dividends.

3. UK stamp duty and stamp duty reserve tax ("SDRT") on transfers of New Ordinary Shares

In practice, UK stamp duty should generally not need to be paid on an instrument transferring New Ordinary Shares.

No UK SDRT will be payable in respect of any agreement to transfer New Ordinary Shares.

The statements in this paragraph summarise the current position on stamp duty and SDRT and are intended as a general guide only. They assume that the New Ordinary Shares will not be registered in a register kept in the UK by or on behalf of Henderson Group. Henderson Group has confirmed that it does not intend to keep such a register in the UK.

REPUBLIC OF IRELAND TAXATION

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current legislation and on what is understood to be current Irish Revenue Commissioners practice as at the date of this document.

These paragraphs summarise certain limited aspects of the Republic of Ireland tax consequences of the holding of New Ordinary Shares. In particular they do not cover the tax consequences of disposal of the New Star Preference Shares, or any options relating to them, in return for New Ordinary Shares or cash under the Proposed Acquisition (if relevant), nor do they cover any consequences of disposal of New Ordinary Shares.

Unless otherwise expressly stated, they apply only to persons who are not resident, ordinarily resident or domiciled in the Republic of Ireland for tax purposes. They only apply to Shareholders who will hold their New Ordinary Shares as an investment and who will be the absolute beneficial owners of those shares, and who have not (and are not deemed to have) acquired those shares by virtue of an office or employment (whether current, historic or prospective).

Shareholders are recommended to consult an appropriate professional adviser immediately regarding their tax position in respect of any other aspects of the Proposed Acquisition (if relevant), and in any event if in doubt about their tax position in relation to the holding of New Ordinary Shares.

1. Dividends paid on the New Ordinary Shares

Distributions made on the New Ordinary Shares will generally be subject to dividend withholding tax ("DWT") at the standard rate of income tax (currently 20 per cent.) unless the Shareholder is within one of the categories of exempt shareholders referred to below. For DWT purposes, a dividend includes any distribution made by Henderson Group to its Shareholders, including cash dividends, non-cash and additional shares taken in lieu of a cash dividend. Certain Shareholders who are not residents of the Republic of Ireland (both individual and corporate) are entitled to an exemption from DWT.

DWT is not payable where an exemption applies provided that Henderson Group has received all necessary documentation required by the relevant legislation from the Shareholder prior to payment to the dividend.

Non-Republic of Ireland resident Shareholders are, unless entitled to exemption from DWT, liable to Republic of Ireland income tax on dividends received on the New Ordinary Shares. However, the DWT deducted by Henderson Group discharges such liability to Republic of Ireland income tax. Where a non-resident Shareholder is entitled to exemption from DWT, then no Republic of Ireland income tax arises and, where Henderson Group has deducted DWT, a claim may be made for a refund of the DWT.

Individuals

A domestic Irish dividend withholding tax exemption is available where the payee is beneficially entitled to the dividend and is an individual who (i) is neither resident nor ordinarily resident in Ireland, (ii) is, under the laws of an EU Member State (other than Ireland) or a country with which Ireland has signed a double tax treaty (a "Relevant Territory"), tax resident in that Relevant Territory and (iii) makes the appropriate declaration.

Corporate Shareholders

Certain corporate Shareholders are entitled to an exemption from dividend withholding tax. In particular, a Shareholder who is beneficially entitled to the dividend and is:

- (a) a company which is tax resident in Ireland; or
- (b) a company which (i) is not tax resident in Ireland, (ii) is, under the laws of a Relevant Territory (as defined above), tax resident in that Relevant Territory; and (iii) is not under the direct or indirect control of Irish residents; or
- (c) a company which (i) is not tax resident in Ireland and (ii) is under the direct or indirect control of a person or persons who are, under the laws of a Relevant Territory, tax resident in that Relevant Territory, and who are not under the direct or indirect control of persons who are not so resident; or
- (d) a company which (i) is not tax resident in Ireland and (ii) the principal class of whose shares (or those of its parent, where it is a 75 per cent. subsidiary of another company, or of each of the two or more companies which wholly own it) is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a Relevant Territory (or other approved stock exchange),

will not be subject to dividend withholding tax on dividends received on the New Ordinary Shares provided that, in all cases noted above, the Shareholder has made the appropriate declaration to Henderson Group prior to the payment of the dividend.

2. Dividends paid under the IAS plan

All Shareholders will be deemed to make an election to participate in the IAS plan, unless any such Shareholders lodge an election not to participate in the IAS plan.

If a Shareholder receives dividends under the IAS plan, such Shareholder will be receiving dividends from a UK resident company rather than an Irish resident company. Accordingly, no DWT will be levied on such dividends.

3. Irish stamp duty on transfers of New Ordinary Shares

Republic of Ireland stamp duty will not arise on transactions in New Ordinary Shares provided that such transactions do not relate to land (or other immovable property or any rights over or interest in such property) in the Republic of Ireland or to the stocks or securities of a Republic of Ireland registered company.

The statements in this paragraph summarise the current position on stamp duty and are intended as a general guide only. They assume that the New Ordinary Shares will not be registered in a register kept in Ireland by or on behalf of Henderson Group. Henderson Group has confirmed that it does not intend to keep such a register in Ireland.

1. HISTORICAL SUMMARY OF FINANCIAL INFORMATION RELATING TO HENDERSON GROUP

The audited financial statements of Henderson Group (or, for the financial periods ended prior to the scheme of arrangement implemented in October 2008, the financial statements of HGI Group) for the financial years ended 31 December 2006, 2007 and 2008, are incorporated by reference into this Prospectus. The audit reports for each of the financial years ended 31 December 2006, 2007 and 2008 were unqualified.

The financial statements for the financial years ended 31 December 2006, 2007 and 2008 were prepared in accordance with IFRS.

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Prospectus:

IFRS financial statements for the year ended 31 December 2006 and the audit report thereon

The page numbers below refer to the relevant pages of the audited financial statements of HGI Group for the financial year ended 31 December 2006:

- Consolidated income statement – page 34
- Consolidated balance sheet – page 37
- Consolidated statement of recognised income and expense – page 36
- Consolidated cash flow statement – page 38
- Notes to the consolidated financial statements – pages 42 to 89
- Independent auditor's report – page 32
- Accounting policies – pages 38 to 46

IFRS financial statements for the year ended 31 December 2007 and the audit report thereon

The page numbers below refer to the relevant pages of the audited financial statements of HGI Group for the financial year ended 31 December 2007:

- Consolidated income statement – page 32
- Consolidated balance sheet – page 34
- Consolidated statement of recognised income and expense – page 33
- Consolidated cash flow statement – page 35
- Notes to the consolidated financial statements – pages 39 to 77
- Independent auditor's report – page 30
- Accounting policies – pages 39 to 43

IFRS financial statements for the year ended 31 December 2008 and the audit report thereon

The page numbers below refer to the relevant pages of the audited financial statements of Henderson Group for the financial year ended 31 December 2008:

- Consolidated income statement – page 33
- Consolidated balance sheet – page 35
- Consolidated statement of recognised income and expense – page 34
- Consolidated cash flow statement – page 36
- Notes to the consolidated financial statements – pages 41 to 77
- Independent auditor's report – page 31
- Accounting policies – pages 41 to 45

The results for HGI Group for the financial years ended 31 December 2006, 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 **www.henderson.com**

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) or by emailing.

2. HISTORICAL SUMMARY OF FINANCIAL INFORMATION RELATING TO NEW STAR

The audited financial statements of New Star for the financial years ended 31 December 2006, 2007 and 2008, are incorporated by reference into this Prospectus. The audit reports for each of the financial years ended 31 December 2006, 2007 and 2008 were unqualified.

The audited financial statements for the financial years ended 31 December 2006, 2007 and 2008 were prepared in accordance with IFRS.

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Prospectus:

IFRS financial statements for the years ended 31 December 2006, 2007 and 2008

The page numbers below refer to the relevant pages of the Class 1 Circular:

- Consolidated income statement – page 25
- Consolidated balance sheet – page 27
- Consolidated statement of recognised income and expense – page 26
- Consolidated cash flow statement – page 28
- Notes to the consolidated financial statements – pages 29 to 53
- Accounting policies – pages 29 to 34

The information referred to above and contained in the Class 1 Circular has been extracted without material adjustment from the financial statements for the year ended 31 December 2008, as set out in New Star's annual report and accounts for 2008, the financial statements for the year ended 31 December 2007, as set out in New Star's annual report and accounts for 2007, and the financial statements for the year ended 31 December 2006, as set out in New Star's annual report and accounts for 2006. The audit reports in New Star's annual reports and accounts for 2008, 2007 and 2006 were unqualified. The financial statements for the years ended 31 December 2008, 2007 and 2006 were prepared in accordance with IFRS.

The directors of New Star have included a note in the financial statements for the year ended 31 December 2008, 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 is completed. The auditors of New Star have also referred to this matter in making their unqualified opinion on the financial statements.

The Proposed Acquisition was conditional on, among other things, both the New Star Restructuring and Offer taking place. On completion of the Proposed Acquisition, both these assumptions will have been met. Therefore, the Board believes that these assumptions are not significant to Shareholders as far as the Proposed Acquisition is concerned.

3. RECONCILIATION OF ACCOUNTING POLICIES

The unaudited reconciliation of accounting policies (including the related accountant's report) between the consolidated accounts of the New Star Group and the consolidated accounts of Henderson Group for the financial years ending 31 December 2006, 2007 and 2008 has been incorporated by reference into the Prospectus from the Class 1 Circular (pages 54 to 55).

4. PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP

The unaudited pro forma statement of net assets (including the related accountant's report) which has been prepared for illustrative purposes only to show the effect of the Proposed Acquisition, the Placing and the New Star Restructuring on the net assets of Henderson Group as if they had occurred on 31 December 2008, is incorporated by reference into this Prospectus from the Class 1 Circular (pages 56 to 58). The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent Henderson Group's actual financial position or results.

PART 7 ADDITIONAL INFORMATION

1. INTRODUCTION

The Directors, whose names appear in Part 2: "Directors, Senior Management and Corporate Governance" of this document and Henderson Group, whose registered office is at 47 Esplanade, St Helier, Jersey JE1 0BD, are responsible for the information contained in this Prospectus. The Directors and Henderson Group declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. INCORPORATION AND ACTIVITY OF HENDERSON GROUP

Henderson Group was incorporated and registered in Jersey on 5 August 2008 under Jersey Companies Law as a private company limited by shares under the name HGI Limited with registered number 101484. Its name was changed to Henderson Group plc and it was re-registered as a public company on 22 August 2008 pursuant to special resolutions passed on 19 August 2008.

The principal legislation under which Henderson Group operates is Jersey Companies Law and subordinated legislation made under Jersey Companies Law.

The registered office of Henderson Group is at 47 Esplanade, St Helier, Jersey, JE1 0BD and its telephone number is +44 1534 835600. The principal office of Henderson Group is at Pembroke House, 28-32 Upper Pembroke Street, Dublin 2, Republic of Ireland.

Ernst & Young LLP, whose address is 1 More London Place, London SE1 2AF, are the auditors of Henderson Group. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

On 31 October 2008, the corporate structure of the Group changed by means of a scheme of arrangement pursuant to sections 895 to 899 of the UK Companies Act 2006 which became effective on 31 October 2008 at which point Henderson Group became the holding company of the Group.

3. SHARE CAPITAL OF HENDERSON GROUP

On incorporation, the authorised share capital of Henderson Group was £10,000 divided into 80,000 ordinary shares of 12.5 pence each. Of such shares, two were subscribed by the subscribers to the memorandum of association of Henderson Group, Christopher Bennett and Guy Coltman, and were paid up in full by those subscribers and redeemed shortly after the scheme of arrangement became effective.

The ISIN of the New Ordinary Shares is JE00B3CM9527. New Ordinary Shares will, when issued, be in registered form and will be capable of being held in uncertificated form through CREST. No temporary documents of title have been or will be issued in respect of New Ordinary Shares.

On 27 August 2008:

- the authorised share capital of Henderson Group was increased to £243,738,847, consisting of 1,949,910,776 Ordinary Shares of 12.5 pence each by the creation of 1,949,830,776 Ordinary Shares of 12.5 pence each; and
- the current memorandum of association of Henderson Group and the Henderson Group Articles were adopted.

On 31 October 2008, 725,192,969 Ordinary Shares were issued pursuant to the Scheme.

Pursuant to the Group's employee share scheme:

- on 1 December 2008, 56,285 Ordinary Shares were issued;
- on 6 January 2009, 66,140 Ordinary Shares were issued;
- on 2 February 2009, 66,239 Ordinary Shares were issued; and
- on 2 March 2009, 56,421 Ordinary Shares were issued.

On 5 February 2009, 72,324,352 Ordinary Shares were issued pursuant to the Placing.

Accordingly, as at the Latest Practicable Date, the authorised and issued share capital of Henderson Group was:

Class	Authorised number	Aggregate nominal value	Issued and fully paid number	Aggregate nominal value
Ordinary Shares	1,949,910,776	£243,738,847	797,762,406	£99,720,300.75

By resolutions passed on 27 August 2008, it was resolved by the holders of the Henderson Group Subscriber Ordinary Shares that:

- (a) the Directors be generally and unconditionally authorised to exercise all or any of the powers of Henderson Group pursuant to the Henderson Group Articles to allot equity securities (as defined in the Henderson Group Articles):
- up to an aggregate nominal amount of £91,250,000 as required for the purposes of the Scheme;
 - up to an aggregate nominal amount of £29,000,000 (representing approximately one third of Henderson Group's issued share capital on the Scheme becoming effective), for a period expiring (unless previously renewed, varied or revoked by Henderson Group in general meeting) on the earlier of the 30 June 2009 and the conclusion of the Annual General Meeting of Henderson Group to be held in 2009, save that Henderson Group may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired;
- (b) the Directors be empowered, in accordance with the Henderson Group Articles, to allot equity securities (as defined in the Henderson Group Articles) wholly for cash pursuant to the authority conferred by the resolution described in paragraph (a) above as if the pre-emption provisions of the Henderson Group Articles did not apply to the allotment, provided that this power:
- shall expire on the earlier of 30 June 2009 and the conclusion of the Annual General Meeting of Henderson Group to be held in 2009, save that Henderson Group may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred on them hereby had not expired;
 - shall be limited:
 - o to the allotment of equity securities in connection with a rights issue, open offer or pre-emptive offer to holders on the register of the Ordinary Shares of Henderson Group on a date fixed by the Directors where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date but the Directors shall make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws in any territory or the requirements of any regulatory body or stock exchange; and
 - o to the allotment (other than under the above paragraph) of equity securities wholly for cash or otherwise up to an aggregate nominal amount not exceeding £4,400,000;
- (c) the Directors be generally and unconditionally authorised:
- pursuant to Article 57 of the Jersey Companies Law to make market purchases of ordinary shares of Henderson Group, provided that:
 - o the maximum number of Ordinary Shares authorised to be purchased is 70,000,000 (minus the number of shares purchased pursuant to the resolution described at (d) below);
 - o the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 12.5 pence;
 - o the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share shall be the higher of:
 - an amount equal to 105 per cent. of the average of the middle market quotation for ordinary shares of Henderson Group taken from the London Stock Exchange Daily Official List for five business days immediately preceding the day on which such shares are to be contracted to be purchased; and
 - the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time the purchase is carried out; and
 - the authority hereby conferred shall expire on the earlier of 30 June 2009 and the conclusion of the Annual General Meeting of Henderson Group to be held in 2009, save that Henderson Group may before such expiry make an offer or agreement which would or might require equity securities to be purchased after such expiry and the Directors may purchase equity securities pursuant to such offer or agreement if the authority conferred on them hereby had not expired;
 - pursuant to Article 58A of the Jersey Companies Law, to hold as treasury shares any Ordinary Shares of Henderson Group purchased pursuant to the authority conferred in the paragraphs above;

- (d) Henderson Group be generally and unconditionally authorised pursuant to Article 57 of the Jersey Companies Law to enter into a contingent purchase contract (the "CP Contract") between Henderson Group and Credit Suisse (Australia) Limited and certain affiliates ("Credit Suisse") providing for the purchase by Henderson Group of Ordinary Shares each converted from CDIs substantially on the terms set out in the CP Contract, subject to the following conditions:
- the maximum number of Ordinary Shares authorised to be purchased under the CP Contract is 70,000,000 (minus the number of shares purchased pursuant to the resolution described above);
 - the minimum price (exclusive of expenses) which may be paid by Credit Suisse for each CDI is the Australian dollar equivalent of 12.5 pence per CDI;
 - the maximum price (exclusive of expenses) which may be paid by Credit Suisse for each CDI is an amount which is equal to 105 per cent. of the average closing prices for CDIs over the previous five days on which sales of CDIs were recorded on the ASX;
 - the price to be paid by Henderson Group for a converted share is the price paid by Credit Suisse for the relevant CDI plus any stamp duty, stamp duty reserve tax, or other applicable transfer tax relating to CDIs purchased by Credit Suisse;
 - any of the Ordinary Shares of Henderson Group purchased pursuant to the authority conferred in the paragraphs above may be held as treasury shares in accordance with Article 58A of the Jersey Companies Law; and
 - this authority shall expire on the earlier of 30 June 2009 and the conclusion of the Annual General Meeting of Henderson Group held in 2009;
- (e) in respect of the Henderson Group Share Plans:
- the principal terms be approved and those plans be adopted and the Directors be and are hereby authorised to do all such acts and things necessary to bring those Plans into effect;
 - the Directors be authorised to establish further plans to be operated in other jurisdictions but modified to take account of local tax, exchange control or securities laws in such jurisdictions; and
 - each Director be authorised to vote at any meeting of Directors on any matter connected with those plans above and to be counted for the purpose of any resolution regarding the Henderson Group Share Plans in the quorum at the meeting, notwithstanding that any Director may be interested in the Henderson Group Share Plans and the provisions in the Henderson Group Articles be relaxed accordingly, provided that no Director may vote or be counted in the quorum on any matter solely concerning his own participation in those plans;

Save as disclosed above, at the date of this Prospectus:

- (i) there has been no issue of shares or loan capital of Henderson Group since its incorporation; and
- (ii) no share or loan capital of Henderson Group is under option or agreed to be put under option.

4. SUMMARY OF HENDERSON GROUP'S ARTICLES

The summary of the Henderson Group's Articles is incorporated by reference into this Prospectus:

2008 Prospectus

The page numbers below refer to the relevant pages of the 2008 Prospectus:

- Summary of Henderson Group Articles – page 53.

5. DIRECTORS

The Directors of Henderson Group and their functions are as follows:

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

The business address of each of the Directors is 47 Esplanade, St Helier, Jersey, JE1 0BD (telephone number +44 (0) 1534 825219). Henderson Group is incorporated in Jersey with registered number 101484.

As at the Latest Practicable Date, the Board consisted of the Non-Executive Chairman, two Executive Directors (being the Chief Executive and the Chief Financial Officer) and five other Non-Executive Directors.

The details of those companies and partnerships outside the Henderson Group of which the Directors are currently directors or partners, or have been directors or partners at any time during the previous five years prior to the date of this Prospectus, are as follows:

Name of Director	Current directorships and partnerships	Previous directorships and partnerships
Gerald Aherne	Electrical & General Investment Trust plc Hadleigh plc Javelin Capital Partners LLP Majedie Investments plc	
Duncan Ferguson	Phoenix Life Limited Phoenix & London Assurance Limited Phoenix Pensions Limited Scottish Mutual Assurances Limited Scottish Provident Limited The North Shropshire Hunt Limited	BA (GI) Limited Bradford Insurance Company Limited Century Group Limited Clerical Medical Investment Group Limited Clerical Medical Managed Funds Limited Halifax Financial Services (Holdings) Limited Halifax General Insurance Services Limited Halifax Investment Fund Managers Limited Halifax Life Limited HBOS Financial Services Limited HBOS General Insurance Services Limited HCC Underwriting Agency Ltd HCCL Holdings Limited Illium Insurance Group Limited Illium Managing Agency Limited London Life Limited National Provident Life Limited NPI Limited PA (GI) Limited Pearl Assurance Plc Phoenix Life Assurance Limited Resolution AL Limited Resolution ALH Limited Resolution BULA Limited Resolution CL Limited Resolution PLP Limited RLG With Profit Holdings Limited Royal & Sun Alliance Life Holdings Limited SL Liverpool FC St Andrew's Group plc St Andrew's Insurance plc St Andrew's Life Assurance plc Swiss Life (UK) plc Windsor Life Assurance Company Limited
Andrew Formica	None	None
Toby Hiscock	None	AMP Pension Administration Limited Mastscreen Limited NP Life Holdings Limited NPI Holdings Limited P.A.T. (Pensions) Limited London Life Holdings Limited Pearl Assurance Group Holdings Limited PGS 2 Limited

PART 7 ADDITIONAL INFORMATION CONTINUED

Name of Director	Current directorships and partnerships	Previous directorships and partnerships
Anthony Hotson	Methravia Limited	National Provident Life Limited NP Life Holdings Limited NPI Holdings Limited NPI Limited Pearl Assurance plc Towry Law Limited London Life Holdings Limited London Life Limited Swinglehurst Limited
Rupert Pennant-Rea	Acuity VCT 2 PLC Acuity VCT PLC Defaqto Group Limited The Economist Newspaper Limited First Quantum Minerals Gold Fields Limited PGI Group PLC Specialist Waste Recycling Limited The Go-Ahead Group PLC Times Newspaper Holdings Limited	Action Medical Research AMI (Zimbabwe) Limited Bell Managed Information Technologies Limited British American Tobacco P.L.C. Changescent Limited eFinancial Careers Limited eFinancial Group Limited eFinancialNews Holdings Limited eFinancialNews Limited Fancode Limited Fieldmetal Limited Globalvault Public Limited Company Gordon House Asset Management Limited Gordon House Limited Mexicoblade Limited Overseas Development Institute Rio Narcea Gold Mines Ltd Security Printing and Systems Group Limited Security Printing and Systems Limited Sherritt International Corporation The Stationery Office Enterprises Limited The Stationery Office Group Limited The Stationery Office Holdings Limited The Stationery Office Limited TSO Content Solutions Limited TSO Holdings A Limited TSO Holdings B Limited TSO Property Limited
John Roques	BBA Group plc	Premier Farnell plc Towry Law Limited Portman Building Society The Health Foundation
Tim How	Framlington AIM VCT plc Framlington AIM VCT 2 plc Rayner and Keeler Limited The Wine and Spirit Trade Association	Austin Reed Group plc DGMMW Limited Fresca Group Limited M.&W.Mack Limited M & W Mack Trustees Limited Marnlev Limited Majestic Wine plc Majestic Wine Card Services Limited Majestic Wine Employee Share Ownership Trust Limited Majestic Wine Quest Trustees Limited Merlin Wine Limited Majestic Wine Warehouses Limited The Fresca ESOP Limited Wharfside Wine plc Wine and Beer World Limited Wizard Wine Limited

No Director has any potential conflicts of interest between any of his duties to Henderson Group and his private interests or other duties.

There are no family relationships between any of the Directors and none of the Directors in the five years preceding the date of this Prospectus:

- (a) has any convictions in relation to fraudulent offences;
- (b) has been associated with any bankruptcies, receiverships, or liquidations acting in the capacity of any of the positions set out against the relevant Director's name above;
- (c) has been the subject of any official public incrimination or sanctions by any statutory or regulatory authorities (including, where relevant, designated professional bodies); or
- (d) has ever been disqualified by a court from acting as a member of the administrative management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

6. DIRECTORS' INTERESTS

Directors' interests in shares

The interests of the Directors in Henderson Group (and their connected persons) as at the Latest Practicable Date, are as follows:

Name of Director	Number of Ordinary Shares	Percentage of existing issued share capital	Percentage of enlarged share capital ¹
Rupert Pennant-Rea	29,952	0.0%	0.0%
Andrew Formica	1,911,689	0.2%	0.2%
Toby Hiscock	1,213,510	0.2%	0.1%
Gerald Aherne	1,000	0.0%	0.0%
Duncan Ferguson	7,488	0.0%	0.0%
Anthony Hotson	13,416	0.0%	0.0%
Tim How	–	0.0%	0.0%
John Roques	27,488	0.0%	0.0%

1 Following the issue of the New Ordinary Shares under the Preference Share Acquisition, and assuming no price adjustment.

The interests of the Directors together represent approximately 0.4 per cent. of the issued share capital of Henderson Group in existence at the Latest Practicable Date.

Directors' interests in shares awards under various share schemes of Henderson Group

The interests of the Directors in share awards under various share schemes of the Henderson Group as at the Latest Practicable Date, are as follows:

Name of Director	Save As You Earn Plan	Buy As You Earn Plan	Deferred Equity Plan	Employee Share Ownership Plan	Restricted Share Plan	Maximum Long-term Incentive Plan Award
Andrew Formica	12,500	30,080	305,322	1,129,935	3,684,207	350,000
Toby Hiscock	7,797	–	–	–	52,881	750,000

The above interests are based upon the interests of the Directors in Ordinary Shares which (a) have been notified by each Director to Henderson Group pursuant to Chapter 3 of the Disclosure and Transparency Rules before the Latest Practicable Date, or (b) are interests of a connected person of a Director which have been notified to Henderson Group by each connected person (within the meaning of the Disclosure and Transparency Rules) pursuant to Chapter 3 of the Disclosure and Transparency Rules.

Save as set out above, no Director (nor any person connected with them) has any interests (beneficial or non-beneficial) in the share capital of Henderson Group.

7. DIRECTORS' SERVICE AGREEMENTS AND ARRANGEMENTS

Set out below are the key provisions of the Directors' service agreements:

Name	Position	Annual basic salary	Date of Service Agreement
Andrew Formica	Chief Executive	£350,000	5 November 2008
Toby Hiscock	Chief Financial Officer	£300,000	14 October 2003

Executive Directors

Andrew Formica

Mr Formica is employed by HGI Group as Chief Executive, pursuant to a service agreement dated 5 November 2008. Mr Formica's annual base salary is £350,000 and he may receive an annual bonus at the discretion of the Remuneration Committee. Mr Formica may also be granted shares and/or options under the Henderson Group Share Plans.

Mr Formica's service agreement is for an indefinite term and may be terminated by HGI Group giving 12 months' written notice and Mr Formica giving six months' written notice. HGI Group may terminate Mr Formica's employment immediately and make a payment of 12 months' salary in lieu of notice.

Mr Formica participates in the non-contributory section of the Henderson Group Pension Scheme providing scheme benefits on a defined contribution basis. He receives a company contribution of 10.5 per cent. of pensionable salary up to the Henderson Group Pension Scheme's earnings cap for each year of pensionable service. Mr Formica also has a lump sum life assurance benefit of four times his salary, permanent health insurance and medical insurance.

Mr Formica has entered into an agreement with HGI Group and Henderson Group by which he will be made available to Henderson Group to carry out his duties as a director of Henderson Group. His overall remuneration will remain unchanged but he will be entitled to an annual fee of £60,000 in respect of his appointment as a director of Henderson Group and the base salary payable for his employment with HGI Group will be reduced correspondingly.

Toby Hiscock

Mr Hiscock is employed by HGI Group as Chief Financial Officer, pursuant to a service agreement dated 14 October 2003. Mr Hiscock's annual base salary is £300,000 and he may receive an annual bonus at the discretion of the Remuneration Committee. Mr Hiscock may also be granted shares and/or options under the Henderson Group Share Plans.

Mr Hiscock participates in the non-contributory section of the Henderson Group Pension Scheme providing plan benefits on a defined benefit basis. He is entitled to a pension accruing at 1/45th of pensionable salary up to the Henderson Group Pension Scheme's earnings cap for each year of pensionable service. Since 23 December 2003, Mr Hiscock has participated in an unfunded unapproved pension arrangement to provide benefits in respect of his pensionable earnings above the Henderson Group Pension Scheme's earnings cap. Mr Hiscock also has a lump sum life assurance, permanent health insurance and medical insurance. In addition, he receives a car allowance of £11,000 per annum.

Mr Hiscock's service agreement is for an indefinite term and may be terminated by HGI Group giving 12 months' written notice and Mr Hiscock giving six months' written notice. There is no provision for payment in lieu of notice.

Mr Hiscock has entered into an agreement with HGI Group and Henderson Group by which he will be made available to Henderson Group to carry out his duties as a director of Henderson Group. His overall remuneration will remain unchanged but he will be entitled to an annual fee of £50,000 in respect of his appointment as a director of Henderson Group and the base salary payable for his employment with HGI Group will be reduced correspondingly.

Details of the Non-Executive Directors

Fees paid to Non-Executive Directors, their letters of appointment, the date of expiry of their current term and notice period are as follows:

Name	Position	Annual fee/salary	Date of appointment	Date of current 3 year term expiry	Notice period
Rupert Pennant-Rea	Non Executive Chairman	£170,000	1 October 2004	30 September 2010	1 month
Gerald Aherne	Non Executive Director	£60,000	1 October 2004	30 September 2010	1 month
Duncan Ferguson	Non Executive Director	£45,000	1 July 2004	The AGM in 2010	1 month
Anthony Hotson	Non Executive Director	£45,000	29 November 2002	30 September 2009	1 month
Tim How	Non Executive Director	£45,000	28 November 2008	27 November 2011	1 month
John Roques	Non Executive Director	£65,000	14 January 2004	13 January 2010	1 month

The fees paid to each of the Non-Executive Directors consist of a basic fee and additional fees for acting as chairmen of Henderson Group's Audit and Remuneration Committees, and an additional fee for the Director nominated as Senior Independent Director.

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

The Chairman of the Remuneration Committee and the other Non-Executive Directors (excluding the Chairman) also reviewed the fees payable to the Chairman of the Board and determined that they would rise from £150,000 to £170,000 per annum. The increase was also deferred in 2008 and took effect on 1 January 2009.

The Board determined that the above increases in fees to the Chairman of the Board and other Non-Executive Directors would be in the form of Ordinary Shares. These Ordinary Shares will be purchased on-market on an annual basis.

Reimbursement of Expenses

Each Non-Executive Director is entitled to reimbursement of reasonable expenses incurred in the course of their duties. Non-Executive Directors are not entitled to any benefit upon the termination of their appointment.

Term of appointment

Non-Executive Directors are normally expected to serve for two three-year terms, although the Board may invite a Non-Executive Director to serve for an additional period.

8. SUBSTANTIAL SHAREHOLDINGS

As at the Latest Practicable Date, so far as the Directors are aware, no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of Henderson Group:

Registered Holder	Total Holding	Percentage of issued share capital	Percentage of enlarged share capital ¹
Perpetual Limited	106,313,150	13.33%	12.69%
Barclays plc	50,230,156	6.30%	5.99%
Lansdowne Partners Limited Partnership	45,098,010	5.65%	5.38%
Legal & General plc	28,833,257	3.61%	3.44%
AMP Limited	28,722,854	3.60%	3.43%

1 Following the issue of the New Ordinary Shares under the Preference Share Acquisition, assuming no price adjustment (and that all relevant options over New Star Preference Shares are exercised).

9. EMPLOYEES

As at the Latest Practicable Date, inclusive of the options and awards granted to Directors disclosed above, employees and former employees of Henderson Group held options and awards over the following Ordinary Shares:

	Compensation type	Number of shares under option/award	Vesting period
Sharesave UK 2006	Share options	858,891	3 years
Sharesave UK 2007	Share options	188,674	3 years
Sharesave UK 2008	Share options	1,335,750	3 years
Sharesave US 2008	Share options	1,491	3 years
CSOP	Share options	10,889,000	3 years
BAYE	Awards	6,767,098	N/A
DEP 2005	Awards	22,933	3 years
DEP 2006	Awards	1,485,511	3 years
DEP 2007	Awards	5,708,874	3 years
DEP 2008	Awards	8,337,133	3 years
DEP 2009	Awards	2,471,500	3 years
ESOP 2005	Awards	9,842,115	4 years
ESOP 2006	Awards	9,389,076	3 years
ESOP 2007	Awards	6,399,920	3 years
ESOP 2008	Awards	5,688,223	3 years
LTIP 2006	Awards	594,000	3 years
LTIP 2007	Awards	5,270,000	3 years
LTIP 2008	Awards	4,982,500	3 years
LTIP 2009	Awards	14,380,000	3 years
RSP	Awards	16,260,739	2 to 3 years

The DEP and the Employee Share Ownership Plan (ESOP) are both governed by the DEP rules. The plan has been communicated as the DEP where part of a participant's bonus has been compulsorily deferred into Henderson Group Ordinary Shares and it has been communicated as the ESOP where participants have voluntarily elected to defer part of their bonus into Henderson Group Ordinary Shares.

10. HENDERSON GROUP SHARE PLANS

The Henderson Group Share Plans are incorporated by reference into this Prospectus, as follows:

2008 Prospectus

The page numbers below refer to the relevant pages of the 2008 Prospectus:

- Henderson Group Deferred Equity Plan – page 71;
- Henderson Group Restricted Share Plan – page 72;
- Henderson Group Long Term Incentive Plan – page 73;
- Henderson Group Company Share Option Plan – page 74;
- Henderson Group Buy As You Earn Plan (“BAYE Plan”) – page 75;
- Henderson Group Ordinary Sharesave Plan – page 76;
- Henderson Group Ordinary Sharesave Plan USA – page 77; and
- Provisions applicable to all Henderson Group Share Plans – page 78.

The Henderson Group Share Plans essentially replicate the Old Henderson Group Share Plans which were operated before the establishment of Henderson Group as the new holding company of the group by means of a scheme of arrangement in 2008 (the “Reorganisation”). In the course of the Reorganisation participants in the Old Henderson Group Share Plans could elect, or were automatically required, to release any outstanding options and awards which they held under the Old Henderson Group Share Plans in consideration for the grant of equivalent options and awards over Ordinary Shares. These replacement options and awards remain subject to the rules of the Old Henderson Group Share Plans and will vest or become exercisable in accordance with their original terms and conditions. No further options and awards have been or will be granted under the Old Henderson Group Share Plans.

11. SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

The following table shows the principal subsidiary and associated undertakings of Henderson Group, being those which Henderson Group considers likely to have a significant effect on any assessment of the assets and liabilities, the financial position and/or the profits and losses of the Henderson Group, and the percentage interest in those companies held by Henderson Group.

	Country of incorporation/ formation and registered office	Principal activity	Proportionate holding and voting power
Henderson Administration Limited	201 Bishopsgate, London, EC2M 3AE, UK	Employment and administrative services	100%
Henderson Fund Management plc	201 Bishopsgate, London, EC2M 3AE, UK	Investment management services	100%
Henderson Global Investors (Jersey) Limited	Whiteley Chambers, Don Street, St Helier, Jersey, Channel Islands, JE4 9WG	Holding company	100%
Henderson Global Investors (Jersey) 2 Limited	Whiteley Chambers, Don Street, St Helier, Jersey, Channel Islands, JE4 9WG	Holding company	100%
Henderson Global Investors Limited	201 Bishopsgate, London, EC2M 3AE, UK	Investment management services	100%
Henderson Global Investors (Holdings) Limited	201 Bishopsgate, London, EC2M 3AE, UK	Holding company	100%
HGI Group Limited	201 Bishopsgate, London, EC2M 3AE, UK	Holding company	100%
Henderson Holdings Limited	201 Bishopsgate, London, EC2M 3AE, UK	Holding company	100%
Henderson International Holdings Limited	Whiteley Chambers, Don Street, St Helier, Jersey, Channel Islands, JE4 9WG	Holding company	100%
Henderson Investment Funds Limited	201 Bishopsgate, London, EC2M 3AE, UK	Authorised corporate director and management of Open Ended Investment Companies and unit trusts	100%
Henderson Alternative Investment Advisor Limited	201 Bishopsgate, London, EC2M 3AE, UK	Investment management services	100%
Henderson Investment Management Limited	201 Bishopsgate, London, EC2M 3AE, UK	Investment management services	100%
Henderson Management SA	23, Avenue de la Porte-Neuve, L-2085 Luxembourg	Investment management services	100%
Henderson Global Investors (Singapore) Limited	1 Marina Boulevard #28-00, Singapore 018989	Investment management services	100%
Henderson Global Investors (International Holdings) BV	J.W. Brouwersstraat 12, 1071 LJ Amsterdam, Netherlands	Holding company	100%
Henderson International Inc.	CT Corporation, 1209 Orange Street, Wilmington, Delaware 19801 USA	Holding company	100%
Henderson Holdings Group BV	J.W. Brouwersstraat 12, 1071 LJ Amsterdam, Netherlands	Holding company	100%
Henderson Equity Partners Limited	201 Bishopsgate, London, EC2M 3AE, UK	Investment management services	100%

12. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 31 December 2008, being the date to which the Group prepared its last published audited financial statements.

There has been no significant change in the financial or trading position of the New Star Group since 31 December 2008, being the date to which the New Star Group prepared its last published audited financial statements.

13. PRINCIPAL PLACE OF BUSINESS

Henderson Group's principal place of business is:

Address	Current use	Tenure and unexpired term (if applicable)
201 Bishopsgate London, EC2M 3AE	Principal place of business from November 2008	Leasehold (lease expires in 2028)

14. LITIGATION

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which Henderson Group is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Group or the Group's financial position or profitability.

No member of the New Star Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which New Star Group is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the New Star Group or the New Star Group's financial position or profitability.

15. MATERIAL CONTRACTS

Material contracts are incorporated by reference into this Prospectus, as follows:

Class 1 Circular dated 11 March 2009

The page numbers below refer to the relevant pages of the Class 1 Circular:

- Henderson Group – pages 64 to 66
- New Star – pages 66 to 71

On 2 April 2009 Henderson Group, New Star and the Banks entered into an amendment agreement which varied the terms of the Implementation Agreement. Under the terms of the amendment agreement, it was agreed that the aggregate number of New Ordinary Shares to be issued to the Banks in connection with the Preference Share Acquisition was to be 25,774,190 and the aggregate number of New Ordinary Shares to be issued to certain directors and employees of New Star in connection with the Preference Share Acquisition was to be up to 1,645,147, in each case in full and final settlement of the non-cash consideration payable by Henderson Group in respect of the Preference Share Acquisition (including in relation to any adjustment to the number of New Ordinary Shares that might otherwise fall to be calculated under the Implementation Agreement).

16. RELATED PARTY TRANSACTIONS

As part of the placing of 72,324,352 new Ordinary Shares of Henderson Group on 30 January 2009 undertaken in connection with the Proposed Acquisition, Henderson Group issued 5 million new Ordinary Shares to Perpetual. Perpetual is a related party for the purposes of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as it held in excess of 10 per cent. of the entire issued share capital of Henderson Group at the time of the Placing. The aggregate value of the new Ordinary Shares issued to Perpetual at the placing price of 65.0 pence was approximately £3.3 million. In light of the number and value of shares issued to Perpetual as part of the Placing, the approval of Shareholders was not required under the Listing Rules.

17. CONSENT

J.P. Morgan Cazenove has given and has not withdrawn its consent to the inclusion in this document of references to its name in the form and context in which they appear.

18. EXPENSES

Expenses relating to the Proposed Acquisition are estimated to be £4.4 million and are payable by Henderson Group.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of Henderson Group at 47 Esplanade, St Helier, Jersey, JE1 0BD and at the London offices of Henderson Global Investors at 201 Bishopsgate, London EC2M 3AE from the date of this document for a period of 12 months:

- (a) the Memorandum and Articles of Association of Henderson Group;
- (b) the published audited consolidated accounts of HGI Group for the financial years ended 31 December 2006 and 31 December 2007 and the published audited consolidated accounts of Henderson Group for the financial years ended 31 December 2008;
- (c) the letter of consent referred to in paragraph 17 above;
- (d) the 2008 Prospectus;
- (e) the Class 1 Circular; and
- (f) this Prospectus.

20. BASES OF CALCULATIONS AND SOURCES OF INFORMATION

The value attributed to the issued share capital of New Star prior to the New Star Restructuring is based upon the 268,580,859 New Star Ordinary Shares in issue on 29 January 2009 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 Group's employee benefit trusts have not agreed to satisfy out of New Star Ordinary Shares held by them).

For the purposes of the financial comparisons contained in this document, no account has been taken of any liability to taxation or the treatment of fractions under the Proposed Acquisition.

Unless otherwise stated, the financial information on Henderson Group (or HGI Group) is extracted, without material adjustment, from the relevant financial statements for the years ended 31 December 2006, 2007 and 2008 and is audited.

Unless otherwise stated, the financial information on New Star is extracted, without material adjustment, from New Star Group's financial statements 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 is audited.

Figures for AUM and associated run-rate revenues in respect of the New Star Group are unaudited and have been extracted from New Star's internal management accounting records.

Earnings per share figures are stated exclusive of exceptional and extraordinary items where these have been disclosed.

Enterprise value is the aggregation of the value of New Star's ordinary equity, preference share capital (including in relation to options over New Star Preference Shares granted to certain directors and employees within the New Star Group) and debt remaining following the completion of the New Star Restructuring.

21. INCORPORATION BY REFERENCE

The table below sets out the documents which are incorporated by reference into this Prospectus and which are available for inspection as set out in paragraph 19 of this Part 6

Information incorporated by reference into this Prospectus	Location of incorporation in the Prospectus	Document reference
New Star Group 2006/2007/2008 audited financial statements	Page 33	Class 1 Circular Pages 32 to 76
Reconciliation of accounting policies (including related accountant's report)	Page 33	Class 1 Circular Pages 54 to 55
Henderson Group 2006 audited financial statements	Page 32	Henderson Group 2006 audited financial statements Pages 32 to 89
Henderson Group 2007 audited financial statements	Page 32	Henderson Group 2007 audited financial statements Pages 31 to 77
Henderson Group 2008 audited financial statements	Page 32	Henderson Group 2008 audited financial statements Pages 25 to 53
Pro forma statement of net assets (including related accountant's report)	Page 33	Class 1 Circular Pages 56 to 58
Risk factors	Page 8	Class 1 Circular Pages 20 to 24
Material contracts	Page 45	Class 1 Circular Pages 64 to 66
Biographical details of the Directors	Page 9	2008 Annual Report and Accounts Page 3
Corporate governance statement	Page 9	2008 Annual Report and Accounts Page 17
Summary of Henderson Group Articles	Page 36	2008 Prospectus Page 53
Henderson Group Share Plans	Page 43	2008 Prospectus Page 71

Dated: 6 April 2009

PART 8 DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

"2008 Prospectus"	the prospectus dated 4 September 2008 for the introduction of up to 730,000,000 Ordinary Shares of 12.5 pence each to the Official List
"Admission"	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 on the LSE's main market for listed securities
"AIM"	the Alternative Investment Market of the LSE
"ASX"	the Australian Securities Exchange
"ASX Listing Rules"	the listing rules of the ASX
"ASX Principles"	the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations published in August 2007
"AUM"	assets under management
"Bank of Scotland"	Bank of Scotland plc
"Banks"	Bank of Scotland, Royal Bank of Scotland, Lloyds TSB Bank plc, HSBC and National Australia Bank Limited, London Branch
"Board" or "Directors"	the board of directors of Henderson Group
"CDI"	CHES Depositary Interest and means a unit of beneficial ownership of an underlying Ordinary Share registered in the name of CDN
"CDN"	CHES Depositary Nominees Pty Limited (ACN 071 346 506), in its capacity as depositary of the CDIs under the ASTC Settlement Rules
"Class 1 Circular"	the class 1 circular sent to Shareholders in connection with the Proposed Acquisition and dated 11 March 2009
"Combined Code"	the principles of good governance and code of best practice prepared by the Committee on Corporate Governance, published in June 2008 and appended to the Listing Rules
"Disclosure and Transparency Rules"	the disclosure and transparency rules made under Part VI of FSMA (as set out in the FSA's Handbook of Rules and Guidance)
"Enlarged Group"	the Henderson Group and its subsidiary undertakings following the implementation of the Proposed Acquisition
"EU"	the European Union
"Executive Directors"	the executive Directors of Henderson Group
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting"	the general meeting of Henderson Group at which resolutions were 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, and which was held at Crowne Plaza, Northwood Park, Santry, Demesne, Santry at 9.15 a.m. (Dublin time) and was simultaneously broadcast to the Wesley Conference Centre, 220 Pitt Street, Sydney at 7.15 p.m. (Sydney time) on 2 April 2009

"Group"	Henderson Group and its subsidiary undertakings from time to time
"Henderson Global Investors"	the controlled entities of Henderson Group that carry out investment management activities
"Henderson Group"	Henderson Group plc, registered in Jersey with number 101484 and whose registered office is at 47 Esplanade, St Helier, Jersey, JE1 0BD
"Henderson Group Articles"	the articles of association of Henderson Group
"Henderson Group Share Plans"	the Henderson Group Buy As You Earn Share Plan adopted by the Board on 27 August 2008, the Henderson Group Ordinary Sharesave Plan adopted by the Board on 27 August 2008, the Henderson Group Ordinary Sharesave Plan USA adopted by the Board on 27 August 2008, the Henderson Group Company Share Option Plan adopted by the Board on 27 August 2008, the Henderson Group Long Term Incentive Plan adopted by the Board on 27 August 2008, the Henderson Group Restricted Share Plan adopted by the Board on 27 August 2008, and the Henderson Group Deferred Equity Plan adopted by the Board on 27 August 2008
"HGI Group"	HGI Group Limited, a company incorporated in England and Wales with registered number 02072534
"Henderson Group Subscriber Ordinary Shares"	the two ordinary shares of 12.5 pence each in the share capital of Henderson Group issued to the subscribers to the memorandum of association of Henderson Group
"HSBC"	HSBC Bank Plc
"IFRS"	the International Financial Reporting Standards, as adopted by the European Union from time to time
"Implementation Agreement"	the implementation agreement dated 30 January 2009 between Henderson Group, New Star and the Banks
"Jersey Companies Law"	the Companies (Jersey) Law 1991 (as amended)
"J.P. Morgan Cazenove"	J.P. Morgan Cazenove Limited whose registered office is at 20 Moorgate, London, EC2R 6DA
"Latest Practicable Date"	27 March 2009, being the latest practical date prior to publication of this document
"Listing Rules"	the listing rules made by the UK Listing Authority under Part VI of FSMA as amended from time to time
"LSE"	London Stock Exchange plc
"Member States"	member states of the EU
"New Ordinary Shares"	up to 27,419,337 new Ordinary Shares to be issued pursuant to the Preference Share Acquisition
"New Star"	New Star Asset Management Group PLC
"New Star Group"	New Star and its subsidiary undertakings from time to time
"New Star Ordinary Shareholders"	the holders of New Star Ordinary Shares from time to time
"New Star Ordinary Shares"	the A ordinary shares of 5 pence each in the capital of New Star
"New Star Preference Shareholder"	the holders of New Star Preference Shares from time to time

"New Star Preference Shares"	the convertible cumulative redeemable preference shares of £1.00 in the capital of New Star 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 have been granted pursuant to the Implementation Agreement (in the case of certain directors and employees within the New Star Group)
"New Star Resolutions"	the resolutions approved by New Star Ordinary Shareholders in relation to the New Star Restructuring on 31 March 2009
"New Star Restructuring"	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 circular sent to New Star Ordinary Shareholders on 11 March 2009
"New Star Shares Schemes"	means the New Star 2005 Discretionary Share Option Plan and/or the New Star 2007 Discretionary Share Option Plan (as the context requires)
"Non Executive Directors"	the non executive Directors of Henderson Group from time to time
"Offer"	the cash offer of 2 pence per New Star Ordinary Share for the entire issued and to be issued ordinary share capital of New Star
"Official List"	the official list of the FSA
"Old Henderson Group Share Plans"	the Old Henderson Group BAYE Share Plan adopted by the HGI Group board on 3 June 2004, the Old Henderson Group Sharesave Plan adopted by the HGI Group board on 28 August 2003, the Old Henderson Group Sharesave Plan USA adopted by the HGI Group board on 11 May 2006, the Old Henderson Group Company Share Option Plan adopted by the HGI Group board on 26 February 2008, the Old Henderson Group Long Term Incentive Plan adopted by the HGI Group board on 28 August 2003, the Old Henderson Group Restricted Share Plan adopted by the HGI Group board on 28 August 2003 and the Henderson Global Investors Deferred Equity Plan/Employee Share Ownership Plan adopted by the HGI Group board on 18 February 2000
"Ordinary Shares"	the Ordinary Shares of 12.5 pence each in the issued share capital of Henderson Group
"Perpetual"	Perpetual Limited and its subsidiaries from time to time
"Placing"	the placing of 72,324,352 new ordinary shares of Henderson Group on 30 January 2009 pursuant to the Placing Agreement
"Placing Agreement"	the placing agreement dated 30 January 2009 between Henderson Group, J.P. Morgan Cazenove and UBS Limited
"Placing Shares"	Ordinary Shares issued pursuant to the Placing
"Preference Share Acquisition"	the proposed acquisition by Henderson Group of the New Star Preference Shares (including certain New Star Preference Shares under option) pursuant to the Implementation Agreement
"Proposed Acquisition"	the proposed acquisition of New Star by Henderson Group, comprising the Offer and the Preference Share Acquisition
"Prospectus"	this document which is prepared in accordance with the Prospectus Rules
"Prospectus Directive"	EU Prospectus Directive (2003/71/EC)

"Prospectus Rules"	the prospectus rules made under Part VI of the FSMA (as set out in the FSA's Handbook of Rules and Guidance)
"Qualified Institutional Buyer or "QIBs"	has the meaning given by Rule 144A under the Securities Act
"Registrars"	Computershare Investor Services (Channel Islands) Limited
"Regulation S"	Regulation S under the Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Resolutions"	the resolutions proposed at the General Meeting to obtain the approval of Shareholders for the Proposed Acquisition and the issue of Ordinary Shares in connection with the Placing and the Proposed Acquisition
"Restructuring Agreements"	a series of agreements between, amongst others, 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 General Meeting"	the general meeting of New Star at which the New Star Resolutions were passed
"Royal Bank of Scotland"	Royal Bank of Scotland plc
"Scheme"	the scheme of arrangement pursuant to sections 895 to 899 of the UK Companies Act relating to HGI Group which became effective on 31 October 2008
"Securities Act"	the United States Securities Act of 1933, as amended
"Shareholders"	except where stated otherwise or unless the context requires something different, where the term "Shareholder" is used in this document, it refers to a holder of Henderson Group equity securities regardless of whether the equity securities are traded on the LSE in the form of Ordinary Shares or on the ASX in the form of CDIs. Similarly, the term "share" or "shareholding" is used in the document, it includes CDIs, where appropriate
"Sponsor"	J.P. Morgan Cazenove
"Subsidiary", "Subsidiary Undertaking", "associated undertaking" and "undertaking"	have the meanings respectively ascribed to them under the Companies Act 2006
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Companies Act"	Companies Act 2006, as amended from time to time
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"£"	sterling, the currency of the UK

Directors	Rupert Pennant-Rea <i>Non-Executive Chairman</i> Andrew Formica <i>Chief Executive</i> Toby Hiscock <i>Chief Financial Officer</i> Gerald Aherne <i>Non-Executive Director</i> Duncan Ferguson <i>Non-Executive Director</i> Anthony Hotson <i>Non-Executive Director</i> Tim How <i>Non-Executive Director</i> John Roques <i>Non-Executive Director</i> All of 47 Esplanade, St Helier, Jersey JE1 0BD
Company Secretary	Fionnuala Hanrahan Pembroke House 28-32 Upper Pembroke Street Dublin 2 Republic of Ireland
Registered Office of Henderson Group	47 Esplanade St Helier Jersey JE1 0BD
Principal Office of Henderson Group	Pembroke House 28-32 Upper Pembroke Street Dublin 2 Republic of Ireland
Sponsor and Financial Adviser	J.P. Morgan Cazenove Limited 20 Moorgate London EC2R 6DA
Legal Adviser on English Law	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
Legal Adviser on Jersey Law	Carey Olsen 47 Esplanade St Helier Jersey JE1 0BD
Legal Adviser on Australian Law	Allens Arthur Robinson Level 28 Deutsche Bank Place Corner of Hunter and Phillip Streets Sydney NSW 2000 Australia
Reporting Accountants and Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Registrars	Computershare Investor Services (Channel Islands) Limited P.O. Box 83 Ordnance House 31 Pier Road St Helier Jersey JE4 8PW

