

THE ENCLOSED LETTERS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.
EACH LETTER RELATES TO PROPOSED CHANGES TO HENDERSON FUND(S) YOU
CURRENTLY OWN AND REQUIRES ACTION ON YOUR PART.

For use at the meeting of shareholders of
Henderson UK Extra Income Fund (a sub-
fund of Henderson UK & Europe Funds) (the
"Fund") to be held at the offices of
Henderson Investment Funds Limited at 201
Bishopsgate, London EC2M 3AE on 24 May
2010 at 12.20 p.m.

6 May 2010

PROPOSED CHANGES TO THE HENDERSON UK EXTRA INCOME FUND

Proposed merger of the Henderson UK Extra Income Fund with the Henderson Managed Distribution Fund

We are writing to you as an investor in the Henderson UK Extra Income Fund to explain our proposal to merge the fund with the Henderson Managed Distribution Fund. This letter should be read in conjunction with the accompanying circular, which provides full details about the proposals.

It is important that you read the enclosed documents carefully. If there is anything about which you are uncertain you should consult your financial adviser.

Reasons for the proposed merger

Since the acquisition of the New Star fund range in April 2009 Henderson has looked to eliminate the duplication of funds and to combine those funds where there is a significant overlap in terms of investment objective and policy.

We believe there are several advantages to be gained from the implementation of this merger, including the following:

Performance potential

The Henderson Managed Distribution Fund's aim is to achieve long term income and capital growth. As a distribution fund, the portfolio aims to offer a yield in excess of the IMA* Cautious Managed sector average. Equities therefore may play a lesser role in the portfolio than historically has been the case within the Henderson UK Extra Income Fund. The Henderson Managed Distribution Fund aims to meet its yield objective through a blend of equity and fixed income assets, with a core of fixed income securities acting as the principal source of income.

Under the management of John Pattullo, Jenna Barnard and Trevor Green, since April 2009, the Henderson Managed Distribution Fund is ranked as the best performing fund in the IMA Cautious Managed sector, with a 12 month return of 67.7% to the end of March 2010, compared to the sector average of 27.4% over the same period.† Investors are reminded that past performance is not a guide to future performance.

Investment flexibility

We believe that the structure of the Henderson Managed Distribution Fund offers greater investment flexibility in terms of asset allocation, with the managers able to blend different asset classes, such as investment grade bonds, high yield and government bonds, as well as equities, to ensure a greater degree of income generation and capital protection throughout the economic cycle.

The fund managers are also able to use derivatives to actively manage fixed income-specific risks such as higher interest rates or increases in the numbers of corporate defaults.

Derivatives are investment instruments with a value derived from the price of a physical asset, index or security. Instead of buying or selling the asset itself we would use a derivative to achieve a similar

Account Number:

I/We, the undersigned, being a shareholder in the Fund hereby appoint the Chairman of the meeting or (see Note 1)

Name:

Address:

to act as my proxy to vote on my behalf at the Extraordinary General Meeting of the shareholders of the Fund and at any adjournment(s) thereof in relation to the Extraordinary Resolution specified in the Notice of Meeting dated 6 May 2010 (the "Resolution").

Please indicate how you wish your proxy to vote in respect of the Resolution set out below by placing a 'tick' in the appropriate box under either 'for' or 'against'. In respect of the Resolution, I direct my proxy to vote as follows (see Note 2);

Resolution	For	Against
Approval of scheme of arrangement to merge Henderson UK Extra Income Fund (a sub-fund of Henderson UK & Europe Funds) with Henderson Managed Distribution Fund (a sub-fund of Henderson Investment Fund OEIC)	<input type="checkbox"/>	<input type="checkbox"/>

Please complete and return this Proxy to us by 12.20 p.m. on 21 May 2010. A reply-paid envelope is enclosed. Please read the Notes overleaf carefully.

Signature

Date:



exposure to a particular asset. Benefits associated with using a derivative instead of trading the underlying physical asset include:

- **Liquidity and flexibility** - derivatives allow the fund managers to initiate or exit positions quickly and provides for the possibility of generating a positive return when a security falls in value.
- **Low cost exposure** - derivatives trade at a fraction of the price of the underlying asset or security.

As with most investment activities you should be aware that the use of derivatives can generate either a profit or a loss depending on whether or not the investment position is successful.

Fund manager expertise

John Pattullo and Jenna Barnard are responsible for managing the fixed income securities within the Henderson Managed Distribution Fund, while Trevor Green manages the equity portion of the portfolio. This approach means that the fund managers have the flexibility to allocate assets between fixed income and equities depending on where the greater investment opportunities lie.

John and Jenna are also responsible for co-ordinating the overall asset allocation of the Henderson Managed Distribution Fund and have a proven investment track record and considerable experience of using modern investment techniques to manage portfolios. Together they also manage Henderson Preference & Bond Fund and the Henderson Strategic Bond Fund which currently have over £650 million and £800 million in assets under management respectively at 31 March 2010. The Henderson Strategic Bond Fund, launched in November 2003, has returned 52.5%† since launch compared to an IMA Strategic Bond sector average of 28.5% and is ranked first quartile over two, three, and five years.

To help you consider the merits of the proposal, the main features of Henderson UK Extra Income Fund and Henderson Managed Distribution Fund, together with a summary of their investment objectives and policies are contained in Appendix 2, Part 1.

Terms of the proposal

Should the proposal be approved, your shares will be merged into the new fund. The assets attributable to the Henderson UK Extra Income Fund would be transferred into the Henderson Managed Distribution Fund. The proposals will allow investors to preserve their tax status since we have been advised that the merger with the Henderson Managed Distribution Fund will not be treated as a taxable event.

Action to be taken

Implementation of the proposed changes depends on the passing of an extraordinary resolution at an Extraordinary General Meeting to be held on 24 May 2010 at 12.20pm, notice of which is given in Appendix 5 of the enclosed proposal circular. The procedure for the Extraordinary General Meeting is set out in Appendix 4. **If approved, changes become effective from 18 June 2010.**

We urge you to vote in favour of the extraordinary resolution. To be passed, the resolution requires a majority in favour of no less than 75% of the votes cast, so it is important that you exercise your right to vote. Whether or not you intend to be present at the Extraordinary General Meeting, it is important that you complete and return the enclosed Form of Proxy in the reply-paid envelope provided to Henderson Investment Funds Limited, c/o Corporate Mailing Solutions Limited, Unit 4b, Chelmsford Road Industrial Estate, Great Dunmow, Essex CM6 1HD.

Alternatively, you can complete your Form of Proxy online at: www.henderson.castavote.co.uk using the unique username and password provided below. You will be able to complete your Form of Proxy online until 12.20pm on 21 May 2010. Completing and returning the Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting- and any adjourned meeting - in person if you so wish.

Username:

Password:

Your Form of Proxy must arrive by post or be completed online by no later than 12.20pm on 21 May 2010.

If you have any queries about the proposal, or require any further information, please contact your financial adviser or call us on 0800 832 832 between 9am and 5pm Monday to Friday.

Yours faithfully



JIM HARRIS

Head of Investor Services

For and on behalf of **Henderson Global Investors**

For your protection telephone calls are recorded and may be monitored.

* Investment Management Association.

† Source: Morningstar at 31 March 2010, UK sterling, R class shares, net income reinvested.

NOTES:

1. If you wish to appoint someone other than the Chairman of the meeting, please delete the words 'the Chairman of the meeting' above, and insert the name and address of your appointee in the box provided. This person need not be a shareholder, but must attend the meeting in person to represent you. Any such amendment must be initially by you. If you wish to appoint the Chairman as your proxy, as above, please leave the box blank.
2. Please indicate with a tick how you wish to vote in respect of the resolution. If the Form of Proxy is signed and returned without any specific direction as to voting, the proxy is therefore directed to vote or abstain from voting as he or she thinks fit. You have a vote for each share you hold in Henderson UK Extra Income Fund. If you do not wish to vote the same way in respect of all your shares, please contact us.
3. To be valid, each Form of Proxy together with the authority (if any) under which it is signed (or a notarially certified copy of that authority) must be returned together in the reply-paid envelope provided to Henderson Investment Funds Limited, c/o Corporate Mailing Solutions Limited, Unit 4b, Chelmsford Road Industrial Estate, Great Dunmow CM6 1HD to be received not less than 72 hours before the time set for the meeting.
4. In the case of a body corporate this Form of Proxy must be executed under seal or signed on its behalf by an officer as attorney authorised in writing.
5. In the case of joint shareholders any such shareholder may sign, but in the event of more than one tendering votes, the vote of the senior who votes, whether in person or by proxy, must be accepted to the exclusion of the other joint shareholders. For this purpose, seniority must be determined by the order in which the names stand in the register of shareholders.
6. The completion and return of a Form of Proxy will not preclude a shareholder from attending and voting at the meeting.
7. On a poll, the voting rights attached to each share are such proportion of the voting rights attached to all of the shares in issue that the price of the share bears to the aggregate price or prices of all shares in issue. A shareholder entitled to more than one vote need not, if he votes, use all his votes, or cast all the votes he uses in the same way.