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**30 January 2009**

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

**Summary**

The boards of directors of Henderson Group plc (**'Henderson'**) and New Star Asset Management Group PLC (**'New Star'**) are pleased to announce the terms of Henderson's recommended acquisition of New Star (the **'Acquisition'**) which values New Star at a total enterprise value of £115 million. The Acquisition, which will take place following the implementation of the recently announced restructuring of New Star's issued and to be issued share capital as described in the shareholder circular published by New Star on 22 January 2009 (the **'New Star Restructuring'**), will comprise a cash offer for the entire issued and to be issued ordinary share capital of New Star (the **'Offer'**) and the acquisition of preference share capital to be issued on completion of the New Star Restructuring. Henderson will procure the repayment of the New Star Group's outstanding debt on completion of the New Star Restructuring. To part finance the Acquisition, Henderson is today conducting a fully underwritten placing of up to 72.3 million New Henderson Shares, representing approximately 9.9 per cent. of Henderson's existing issued ordinary shares, to institutional and other investors (the **'Placing'**).

- The Offer will be 2 pence in cash for each New Star Ordinary Share, which values the entire issued and to be issued ordinary share capital of New Star post-completion of the New Star Restructuring at approximately £21.6 million. Existing New Star Ordinary Shareholders will receive approximately £5.4 million in aggregate.
- Pursuant to the Preference Share Acquisition, New Star Preference Shareholders are expected to receive approximately 0.4 New Henderson Shares and up to 48.4 pence in cash for each New Star Preference Share. The Preference Share Acquisition is expected to value each New Star Preference Share at up to 73.4 pence and the then issued preference share capital of New Star at up to £73.4 million, based on the closing middle market price per Henderson Ordinary Share of 62 pence on 29 January 2009.
- The terms of the Preference Share Acquisition provide for the adjustment of the number of New Henderson Shares issued under the Preference Share Acquisition for the run-rate revenue impact of net fund flows experienced by New Star (**'Revenue Flows'**) between 26 January 2009 and the day prior to the Offer becoming wholly unconditional. To the extent that Revenue Flows have varied by 10% or more during this period, there will be an adjustment to the price of between £5 million (at a 10% movement) and £20 million, being the maximum adjustment for a variation of 20% or more. The price will be adjusted by varying the number of New Henderson Shares that may be issued under the Preference Share Acquisition. The terms also provide for the downward adjustment to the cash consideration payable under the Preference Share Acquisition if the closing cash balance of New Star on the day prior to the Offer becoming wholly unconditional is less than £20 million.
- The Henderson Board believes that the Acquisition will strengthen significantly the position of Henderson Global Investors (**'HGI'**) in the UK retail fund management

market. HGI is expected to become the 5th largest UK retail fund manager with in excess of £15 billion of funds under management.<sup>1</sup>

- In particular, the key benefits for Henderson expected from the Acquisition include:
  - increased scale and distribution in the UK retail fund management market;
  - a broad range of mutual funds complementary to Henderson's own range;
  - the opportunity to expand Henderson's direct property business into the retail investor market;
  - increased presence in the US institutional market;
  - strengthening Henderson's investment capabilities with addition of key talent;
  - extracting cost efficiencies through headcount reduction and transferring New Star's business onto Henderson's operating platforms<sup>2</sup>; and
  - significant earnings enhancement<sup>3</sup> by 2010 by acquiring a business capable of being serviced at a marginal cost to income ratio of 40per cent. or better.

The Offer and the Preference Share Acquisition will be conditional on, *inter alia*:

- the approval of Henderson Shareholders at the Henderson General Meeting expected to be held in March 2009;
- the admission of the New Henderson Shares to be issued in connection with the Preference Share Acquisition to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities and the granting of official quotation by the ASX to the New Henderson CHESS Depository Interests to be issued in connection with the Preference Share Acquisition;
- the cancellation of the admission of the New Star Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange's market for listed securities (the '**Delisting**') having become effective;
- completion of the New Star Restructuring;
- acceptances by 90 per cent. or more of New Star Ordinary Shareholders being received under the Offer; and
- the approval of the FSA and certain other regulatory authorities.

The Henderson Board intends unanimously to recommend that Henderson Shareholders vote in favour of the Acquisition at the General Meeting. The New Star Board, which has been so advised by Jefferies, considers the terms of the Offer to be fair and reasonable. In providing advice to the New Star Board, Jefferies has taken into account the commercial assessments of the New Star Board. Accordingly, the New Star Board intends unanimously to recommend that New Star Ordinary Shareholders accept the Offer.

Irrevocable undertakings and letters of intent have been received from the following New Star stakeholders:

- By Henderson from the Banks, being the providers of the New Star Group's current banking facilities, who have undertaken to accept the Offer in respect of their holdings of New Star Ordinary Shares following the proposed New Star Restructuring

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<sup>1</sup> Source: Total Retail and Institutional Funds Under Management for November 2008 – Investment Management Association (UK)

<sup>2</sup> 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.

<sup>3</sup> Statements that the Acquisition will be earnings enhancing are not and do not constitute a profit forecast and should not be interpreted to mean that the Henderson's earnings per share in the first full financial year following the Acquisition, or in any subsequent period, will necessarily match or be greater than the historical published earnings per share of Henderson or New Star.

(expected to be 75 per cent. of the then fully diluted issued ordinary share capital of New Star) immediately upon the New Star Restructuring becoming effective pursuant to the Implementation Agreement. The Banks have also agreed to sell all of their holding (representing 94 per cent.) of New Star Preference Shares to be issued under the proposed New Star Restructuring to Henderson under the Preference Share Acquisition. This undertaking may be terminated if the underwriting agreement relating to the Placing is terminated and Henderson does not find an alternative source of funding within 10 Business Days.

- By New Star and the Banks from the directors of New Star, who have irrevocably undertaken to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the general meeting of New Star to vote on the proposed Delisting (the '**Delisting General Meeting**') and the general meeting of New Star to vote on the New Star Restructuring (the '**Restructuring General Meeting**') in respect of all of the 28,305,499 New Star Ordinary Shares held by them, representing 12.12 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting.
- By New Star and the Banks in respect of a further 20,418,307 New Star Ordinary Shares, representing 8.74 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholders have given irrevocable undertakings to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Delisting General Meeting and the Restructuring General Meeting. These additional irrevocable undertakings have been given on the basis that the relevant New Star Ordinary Shareholders will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by them in favour of the resolutions to be proposed at the Delisting General Meeting and the Restructuring General Meeting to the extent that they continue to be beneficially interested in such New Star Ordinary Shares at the time of the relevant general meeting.
- By New Star in respect of a further 9,566,111 New Star Ordinary Shares, representing 4.10 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholder has given irrevocable undertakings to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Delisting General Meeting and the Restructuring General Meeting. This additional irrevocable undertaking has been given on the basis that the relevant New Star Ordinary Shareholder will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by it in favour of the resolutions to be proposed at the Delisting General Meeting and the Restructuring General Meeting to the extent that it continues to be beneficially interested in such New Star Ordinary Shares at the time of the relevant general meeting.
- A letter of intent has been received by New Star in respect of a further 25,602,009 New Star Ordinary Shares, representing 10.96 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholder has indicated its current intention to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Delisting General Meeting and the Restructuring General Meeting. The letter of intent is not legally binding.

The Offer and the Preference Share Acquisition are expected to complete by 31 March 2009.

Commenting on the Offer, Andrew Formica, Chief Executive of Henderson, said:

"Very rarely will you find an opportunity to significantly enhance your strategic position at compelling financial terms. New Star presents such an opportunity for Henderson and enables us to expand our footprint in our key markets notably the UK retail market. Our top priority is to provide security and stability to New Star's clients".

Commenting on the Offer, John Duffield, Executive Chairman of New Star, said:

“Henderson Group is an excellent partner for New Star offering strong support and certainty to New Star's clients and staff in these times. This deal will join together two managers with a similar culture and investment approach. I have always admired the integrity and brand values of the Henderson Group and am very pleased they will enable New Star to move to its next phase of growth”.

*This summary should be read in conjunction with and is subject to the full text of the attached Announcement (including the Appendices). The Offer, when made, will be subject to the Conditions and Further Terms set forth in Appendix 1 to this Announcement and the terms and conditions to be set forth in the Offer Document when issued.*

The sources and bases of information contained in this Announcement are set forth in Appendix 2 to this Announcement and the definitions of certain expressions used in this Announcement are set forth in Appendix 4 to this Announcement.

Market briefings will be held on 30 January 2009 at 2.00pm (Sydney time) and again at 8.00am (London time). You can listen to a live audiocast of the briefing via the Henderson website. Go to [www.hendersongroupplc.com](http://www.hendersongroupplc.com) and click on the relevant link on the homepage.

## **Enquiries**

For further information, contact:

### **Henderson**

Mav Wynn (Head of Investor Relations)

Tel: +44 (0)20 7818 5135

Email: [mav.wynn@henderson.com](mailto:mav.wynn@henderson.com)

### **JPMorgan Cazenove**

Sole financial adviser and joint corporate broker to Henderson

Tel: +44 (0)20 7588 2828

Tim Wise

Shona Graham

Ed Squire

### **UBS Investment Bank**

Lead financial adviser and sole corporate broker to New Star

Tel: +44 (0)20 7567 8000

Jim Renwick

John Humphrey

Rahul Luthra

### **Jefferies International Limited**

Rule 3 Adviser to New Star

Tel: +44 (0)20 7029 8000

Kevin Pakenham

*JPMorgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Henderson and no one else in connection with the matters set forth in this Announcement and will not be responsible to anyone other than Henderson for providing the protections afforded to clients of JPMorgan Cazenove or for providing advice in relation to the matters set forth in this Announcement, the contents of this Announcement, or any matter referred to herein.*

*UBS, is acting as financial adviser to New Star and is not acting for any other person in relation to the matters referred to in this Announcement. UBS will not be responsible to anyone other than New Star for providing the protections afforded to its clients or for providing advice in relation to the matters set forth in this Announcement, the contents of this Announcement, or any matter referred to herein.*

*Jefferies, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for New Star and no one else in connection with the matters set forth in this Announcement and will not be responsible to anyone other than New Star for providing the protections afforded to clients of Jefferies or for providing advice in relation to the matters set forth in this Announcement, the contents of this Announcement, or any matter referred to herein.*

*This Announcement does not constitute, or form part of, any offer for or invitation to sell or purchase any securities, or any solicitation of any offer for, securities in any jurisdiction. Any acceptance or other response to the Offer should be made only on the basis of information contained in or referred to in the Offer Document which Henderson intends to despatch in due course to New Star Ordinary Shareholders. Such documents will contain important information, including the full terms and conditions of the Offer and how it may be accepted, which New Star Ordinary Shareholders are urged to read carefully.*

*The Offer is not being made in or into, and is not capable of acceptance in or from, Canada or Japan. Custodians, nominees and trustees should observe these restrictions and should not send or distribute documents in or into Canada or Japan.*

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

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

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

*The receipt of cash pursuant to the Offer by New Star Ordinary Shareholders who are US taxpayers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of New Star Ordinary Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.*

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

### **Forward-looking statements**

*This Announcement, including information included or incorporated by reference, may contain a number of forward-looking statements relating to Henderson and New Star with respect to, among others, the following: financial condition; results of operation; the businesses of Henderson and New Star; future benefits of the transaction; and management plans and objectives. Henderson and New Star consider any statements that are not historical facts to be "forward-looking statements". These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to the combination of the businesses of Henderson and New Star, or of other future acquisitions, are greater than expected; expected cost savings from the transaction or from other future acquisitions are not fully realised or not realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether internationally or in the places Henderson and New Star do business are less favourable than expected, and/or conditions in the securities market are less favourable than expected.*

*The estimated operational cost savings and financial synergies have been calculated on the basis of the existing cost and operating structures of the companies and by reference to current prices and the current regulatory environment. These statements of estimated cost savings relate to future actions and circumstances which, by their nature, involve risk, uncertainties and other factors. Because of this, the cost savings and financial synergies referred to may not be achieved, or those achieved could be materially different from those estimated. These statements should not be interpreted to mean that the earnings per share in the first full financial year following the Acquisition, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial period.*

### **Dealing Disclosure Requirements**

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

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

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

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

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

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**30 January 2009**

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

**1. Introduction**

The boards of directors of Henderson Group plc (**'Henderson'**) and New Star Asset Management Group PLC (**'New Star'**) are pleased to announce the terms of Henderson's recommended acquisition of New Star (the **"Acquisition"**) which values New Star at a total enterprise value of £115 million. The Acquisition, which will take place following the implementation of the recently announced restructuring of New Star's issued and to be issued share capital as described in the shareholder circular published by New Star on 22 January 2009 (the **'New Star Restructuring'**), will comprise a cash offer for the entire issued and to be issued ordinary share capital of New Star (the **'Offer'**) and the acquisition of preference share capital to be issued on completion of the New Star Restructuring. Henderson will procure the repayment of the New Star Group's outstanding debt on completion of the New Star Restructuring. To part finance the Acquisition, Henderson is today conducting a fully underwritten placing of up to 72.3 million New Henderson Shares, representing approximately 9.9 per cent. of Henderson's existing issued ordinary shares, to institutional and other investors (the **'Placing'**).

**2. Terms of the Acquisition**

The Offer, which will be subject to the Conditions and Further Terms set forth in Appendix 1 to this Announcement, and to the terms and conditions to be set forth in the Offer Document and Form of Acceptance, will be made on the following basis:

- The Offer will be 2 pence in cash for each New Star Ordinary Share, which values the entire issued and to be issued ordinary share capital of New Star post-completion of the New Star Restructuring at approximately £21.6 million. Existing New Star Ordinary Shareholders will receive approximately £5.4 million in aggregate.

The Preference Share Acquisition, which will be subject to the terms of the Implementation Agreement, will be made on the following basis:

- Pursuant to the Preference Share Acquisition, New Star Preference Shareholders are expected to receive approximately 0.4 New Henderson Shares and up to 48.4 pence in cash for each New Star Preference Share. The Preference Share Acquisition is expected to value each New Star Preference Share at up to 73.4 pence and the then issued preference share capital of New Star at up to £73.4 million, based on the closing middle market price per Henderson Ordinary Share of 62 pence on 29 January 2009.
- The terms of the Preference Share Acquisition provide for the adjustment of the number of New Henderson Shares issued under the Preference Share Acquisition for the run-rate revenue impact of net fund flows experienced by New Star (**'Revenue Flows'**) between 26 January 2009 and the day prior to the Offer becoming wholly unconditional. To the extent that Revenue Flows have varied by 10% or more during this period, there will be an adjustment to the price of between £5 million (at a 10% movement) and £20 million, being the maximum adjustment for a variation of 20% or more. The price will be adjusted by varying the number of New Henderson Shares that may be issued under the Preference Share Acquisition. The terms also provide for the downward adjustment to the cash consideration payable under the Preference

Share Acquisition if the closing cash balance of New Star on the day prior to the Offer becoming wholly unconditional is less than £20 million.

On completion of the Offer and the Preference Share Acquisition, Henderson will procure the repayment of the New Star Group's outstanding debt, which post-completion of the New Star Restructuring is expected to be approximately £20 million.

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

Applications will be made for the New Henderson Shares to be issued pursuant to the Preference Share Acquisition to be admitted to listing on the Official List, and to be admitted to trading on the London Stock Exchange market for listed securities. Application for quotation on the financial market operated by ASX will also be made for the New Henderson CHES Depository Interests representing the New Henderson Shares to be issued in Australia.

The New Henderson Shares to be issued to the New Star Preference Shareholders will, when issued, be credited as fully paid and be free from any pledge, lien, mortgage, security interest, claim or equity or similar rights or pre-emptive rights and will rank *pari passu* with the existing Henderson Ordinary Shares from the date of issue. The New Henderson Shares will therefore qualify for the final dividend in respect of 2008 of 4.25 pence per share which the Henderson Board proposes to recommend to shareholders.

When made, the Offer will be subject to the conditions and further terms set forth in Appendix 1 to this Announcement and to the further terms and conditions to be set forth in the Offer Document and Form of Acceptance including, *inter alia*:

- the approval of Henderson Shareholders at the Henderson General Meeting expected to be held in March 2009;
- the admission of the New Henderson Shares to be issued in connection with the Preference Share Acquisition to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities and the granting of official quotation by the ASX to the New Henderson CHES Depository Interests to be issued in connection with the Preference Share Acquisition;
- the cancellation of the admission of the New Star Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange's market for listed securities (the '**Delisting**') having become effective;
- completion of the New Star Restructuring;
- acceptances by 90 per cent. or more of New Star Ordinary Shareholders being received under the Offer; and
- the approval of the FSA and certain other regulatory authorities.

Further details of the bases and sources of certain information set forth in this Announcement are contained in Appendix 2 to this Announcement.

### **3. New Star Share Scheme**

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

To the extent that such options are not exercised, and if the Offer becomes or is declared unconditional in all respects, it is intended that such options will lapse.

#### 4. Background to and Reasons for the Offer

The Henderson Board believes that the Acquisition will strengthen significantly the position of HGI in the UK retail fund management market. HGI is expected to become the 5th largest UK retail fund manager with in excess of £15 billion of funds under management<sup>4</sup>. In particular, the key benefits for Henderson expected from the Acquisition include:

- increased scale and distribution in the UK retail fund management market;
- a broad range of mutual funds complementary to Henderson's own range;
- the opportunity to expand Henderson's direct property business into the retail investor market;
- increased presence in the US institutional market;
- strengthening Henderson's investment capabilities with addition of key talent;
- extracting cost efficiencies through headcount reduction and transferring New Star's business onto Henderson's operating platforms<sup>5</sup>; and
- significant earnings enhancement by 2010<sup>6</sup> by acquiring a business capable of being serviced at a marginal cost to income ratio of 40per cent. or better.

New Star is a highly recognised UK retail fund management group, with a strong distribution network and a broad portfolio of products, funds, clients and investment capabilities. Henderson plans to take advantage of the strength of the New Star brand by co-branding relevant funds where appropriate. New Star also has a strong presence in UK mutual funds which will complement Henderson's existing offering. In addition, New Star has a range of institutional mandates and hedge funds which, when combined with Henderson's existing capabilities in these areas, further strengthens both businesses.

Approximate AUM by product category:

£bn	Henderson	New Star	AUM
	Closing AUM	AUM*	
	31 Dec 08	Pro forma	Pro forma
Investment Trusts	2.7	0.2	2.9
Offshore Mutual funds	2.3	0.1	2.4
UK Wholesale	3.1	5.2	8.3
US Wholesale	2.3	-	2.3
Hedge funds	0.8	0.3	1.1
Global Property	9.3	0.5	9.8
Private Equity	1.2	-	1.2
Structured Products	2.2	-	2.2
Institutional	14.1	3.5	17.6
Pearl	11.5	-	11.5
Private clients	-	0.2	0.2
<b>Total AUM</b>	<b>49.5</b>	<b>10.0</b>	<b>59.5</b>

\* Based on AUM at 26 January 2009, excluding the Family Assurance management contract of approximately £1.3 billion.

<sup>4</sup> Source: Total Retail and Institutional Funds Under Management for November 2008 — Investment Management Association (UK)

<sup>5</sup> 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.

<sup>6</sup> The statements that the Acquisition will be earnings enhancing do not constitute a profit forecast and should not be interpreted to mean that the earnings per share in the first full financial year following the Acquisition, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial year.

## 5. Integration and financial benefits of the Acquisition

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

Henderson intends to migrate New Star's business onto Henderson's operating platforms. The total one-off costs of integration are expected to be approximately £31 million after tax. New Star will be acquired on a debt-free basis and is expected to have not less than £20 million of cash on completion to settle certain liabilities in New Star post completion.

Following the full integration of the businesses, the Henderson Board expects that the New Star AUM are capable of being serviced at a marginal cost to income ratio of 40per cent. or better. On the basis of conservative assumptions around fund flows, the Henderson Board expects the Acquisition to be substantially earnings accretive by 2010<sup>7</sup>.

## 6. Background to and reasons for the Recommendation from the New Star Board

On 22 January 2009, New Star posted to the New Star Ordinary Shareholders a circular relating to a proposal for the Delisting (the '**Delisting Circular**'). The Delisting is the first stage in the New Star Restructuring. The Delisting Circular provides background information in relation to the Delisting and the New Star Restructuring, and contains notice of the Delisting General Meeting.

As the credit crisis has deepened over the last year, a number of New Star's clients have signalled their concerns about its level of debt in the face of a possibly prolonged economic downturn. The New Star Restructuring is intended to address the negative impact of New Star's debt on its business.

Despite the proposed New Star Restructuring, the uncertain nature of the financial markets generally and continuing redemptions have led to a significant decline in New Star's assets under management and associated revenues. This has served to magnify concerns about the New Star Group's viability among its clients and other business partners. As a result, New Star has sought to identify an acquirer, with a view to addressing its operational challenges and preserving the value of the New Star Group's business for all stakeholders.

This has resulted in the Offer from Henderson, which is conditional upon, *inter alia*, the Delisting having become effective and completion of the New Star Restructuring. The Offer is conditional upon completion of the New Star Restructuring, given the significant current liabilities of the New Star Group. Unless New Star Ordinary Shareholders approve the Delisting at the Delisting General Meeting, the Offer will not be made and unless New Star Ordinary Shareholders approve the New Star Restructuring at the Restructuring General Meeting, the Offer will not be capable of becoming unconditional and New Star Ordinary Shareholders will not receive the benefit of the Offer.

If the Delisting and the New Star Restructuring are not approved, the Restructuring Agreements which New Star has entered into with the Banks will terminate, the New Star Restructuring will not proceed and the Offer either will not be made or will be incapable of becoming unconditional. In such circumstances, New Star would be unable to comply with its obligations to the Banks under its various borrowing facilities, unless varied, and New Star

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<sup>7</sup> The statements that the Acquisition will be earnings enhancing do not constitute a profit forecast and should not be interpreted to mean that the earnings per share in the first full financial year following the Acquisition, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial year.

would immediately enter into further discussions with its lenders. There can be no certainty or confidence as to the timing of any outcome of those discussions with the lenders, or that the outcome would be positive, and the New Star Board therefore believe that, in the circumstances where agreement cannot be reached, New Star would be unlikely to be able to continue to trade, although the New Star Board currently expects that the New Star Group's fund management subsidiaries would continue to trade. In such circumstances it is highly unlikely that the New Star Ordinary Shares would have any value.

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

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

The New Star Board, which has been so advised by Jefferies, considers the terms of the Offer to be fair and reasonable. In providing advice to the New Star Board, Jefferies has taken into account the commercial assessments of the New Star Board. Accordingly, the New Star Board intends unanimously to recommend that New Star Ordinary Shareholders accept the Offer.

## **7. Information on New Star**

Founded in 2000 by John Duffield, the New Star Group is a highly recognised UK retail fund management group with a strong distribution network and a broad portfolio of products, funds, clients and investment capabilities. The business grew rapidly in its early years and made three separate acquisitions in 2003 which added an additional 43 funds. Since its foundation, New Star has distinguished itself by the effectiveness of its sales, marketing and client services.

New Star has been listed on the main market of the London Stock Exchange since June 2007, having first been admitted to trading on AIM in November 2005.

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.

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

In 2007, New Star reported net revenues of approximately £173 million, operating earnings of £98 million and profits before taxation of £63 million. New Star had gross assets of approximately £147 million and net liabilities of approximately £200 million as at 30 June 2008.

## **8. Information on Henderson**

Henderson is the holding company of the investment management group HGI. Henderson is headquartered in London and since December 2003 has been listed on the London Stock Exchange and ASX - appearing in the FTSE 250 and ASX 200 indices. Henderson has approximately 125,000 shareholders worldwide. Since 31 October 2008, the Henderson Group has been incorporated in Jersey and tax-resident in the Republic of Ireland.

Established in 1934 to administer the estates of Alexander Henderson, the first Lord Faringdon, HGI 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. Headquartered in London, HGI is one of Europe's largest

investment managers, with £49.5 billion assets under management (as at 31 December 2008) and employs around 890 people worldwide.

In 2007, Henderson earned profits before tax and non-recurring items of £106.7 million. Henderson had net assets of £271.4 million as at 30 June 2008.

## **9. Current Trading and Prospects**

### ***Henderson***

Henderson is updating the market today on its operational performance for the period from 1 October 2008 to 31 December 2008 ('the period') as well as its current outlook for the business.

- Profit before tax and non-recurring items for 2008 is expected to be approximately £80 million.
- AUM of £49.5 billion at 31 December 2008, 3per cent. lower than at 30 September 2008.
- Net fund inflows (excluding Pearl) of £0.3 billion in the period, bringing net fund inflows (excluding Pearl) to £2.9 billion for the year.
- 2008 operating expenses expected to be approximately 25per cent. below 2007, with a cost to income ratio for Henderson of approximately 63per cent..
- Net assets of approximately £300 million, including cash balances of £152 million at 31 December 2008.
- The Henderson Board intends to recommend a final dividend of 4.25 pence per Henderson Ordinary Share to give a total dividend of 6.1 pence per Henderson Ordinary Share for 2008, equivalent to the total dividend paid in respect of 2007.

### ***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 approximately £10 billion as at 26 January 2009, after allowing for the loss of the Family Assurance management contract which has been announced by New Star previously, down from approximately £13 billion on 13 November 2008, the day before New Star published its latest interim management statement. This fall in AUM is mainly a result of net outflows in that period. The value of funds redeemed from the New Star Group's UK retail funds since 1 January 2009 is below the value of funds redeemed in each of November 2008 and December 2008.

## **10. Dividend Policy**

The Henderson Board expects that Henderson profit before tax and non-recurring items for the 12 months ended 31 December 2008 will be approximately £80 million. In light of this result, the Henderson Board intends to recommend a final dividend for 2008 of 4.25 pence per Henderson Ordinary Share, bringing the total dividend for 2008 to 6.1 pence per Henderson Ordinary Share, equivalent to the total dividend paid in respect of 2007.

The New Henderson Shares will qualify for the recommended final dividend to be paid in respect of the year ended 31 December 2008.

## **11. Management and Employees**

Henderson attaches great importance to the skills and experience of the existing management and employees of New Star and believes that they will benefit from greater opportunities within the Henderson Group.

Mr Duffield, Mr Covington and the New Star Group's non-executive directors intend to leave New Star once the Offer is declared wholly unconditional. The other directors of New Star intend to remain with the enlarged Henderson Group following the completion of the

Acquisition, at least for a transitional period. In addition, Henderson will work with the New Star Group during the transitional period to ensure retention of key employees.

## **12. Financing**

The Acquisition (including the Offer and the Preference Share Acquisition) will be funded from a mixture of the Henderson Group's internal cash resources, the cash proceeds of a placing of New Henderson Shares and the issue of New Henderson Shares to the New Star Preference Shareholders. The funding comprises:

- Internal cash resources of approximately £50 million;
- Cash raised from the placing of New Henderson Shares of approximately £40 million; and
- The issue of approximately 40.3 million New Henderson Shares, valued at £25 million, to the New Star Preference Shareholders pursuant to the Preference Share Acquisition, assuming no price adjustment.

## **13. Cash Confirmation**

JPMorgan Cazenove is satisfied that the necessary financial resources are available to Henderson to satisfy acceptance of the cash consideration of the Offer in full.

## **14. Offer Document**

The Offer will be subject to the applicable requirements of the City Code. The Offer Document, setting out the details of the Offer and enclosing the Form of Acceptance, will be despatched to New Star Ordinary Shareholders at the same time as the Restructuring Circular is despatched to them, which (Henderson having received the consent of the Panel and Jefferies in this respect) is expected to be on or about 11 March 2009.

## **15. New Henderson Shares**

The New Henderson Shares will be issued pursuant to the Preference Share Acquisition fully paid and free from any pledge, lien, mortgage, security interest, claim or equity or similar rights or pre-emptive rights and will rank *pari passu* with the existing Henderson Ordinary Shares from the date of their issue.

Applications will be made for the New Henderson Shares to be admitted to the Official List maintained by the UK Listing Authority, and to be admitted to trading by the London Stock Exchange on its market for listed securities. Application for quotation on the financial market operated by ASX will also be made for the New Henderson CHES Depository Interests representing the New Henderson Shares.

## **16. General Meeting of Henderson**

The Acquisition is conditional upon, *inter alia*, Henderson Shareholders approving the Acquisition. A shareholder circular, including a notice convening the Henderson General Meeting, will be sent to Henderson Shareholders for this purpose in due course.

The Henderson Board intends unanimously to recommend that Henderson Shareholders vote in favour of the resolutions to be proposed at the Henderson General Meeting as the directors of Henderson intend to do in respect of their own beneficial holdings of Henderson Ordinary Shares which represent approximately 0.3 per cent. of Henderson's existing issued share capital.

## 17. Overseas Shareholders

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction where they are resident. New Star Ordinary Shareholders who are not resident in the United Kingdom should inform themselves about, and observe, any applicable requirements.

## 18. Disclosure of Interests in New Star Relevant Securities and Irrevocable Undertakings and Letters of Intent

Irrevocable undertakings and letters of intent have been received from the following New Star stakeholders:

- by Henderson from the Banks, being the providers of the New Star Group's current banking facilities, who have undertaken to accept the Offer in respect of their holdings of New Star Ordinary Shares following the proposed New Star Restructuring (expected to be 75 per cent. of the then fully diluted issued ordinary share capital of New Star) immediately upon the New Star Restructuring becoming effective pursuant to the Implementation Agreement. The Banks have also agreed to sell all of their holding (representing 94 per cent.) of New Star Preference Shares to be issued under the proposed New Star Restructuring to Henderson under the Preference Share Acquisition. This undertaking may be terminated if the underwriting agreement relating to the Placing is terminated and Henderson does not find an alternative source of funding within 10 Business Days.
- by New Star and the Banks from the directors of New Star who have irrevocably undertaken to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the general meeting of New Star to vote on the proposed Delisting (the "**Delisting General Meeting**") and the general meeting of New Star to vote on the New Star Restructuring (the "**Restructuring General Meeting**") in respect of all of the 28,305,499 New Star Ordinary Shares held by them, representing 12.12 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting.
- by New Star and the Banks in respect of a further 20,418,307 New Star Ordinary Shares, representing 8.74 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholders have given irrevocable undertakings to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Delisting General Meeting and the Restructuring General Meeting. These additional irrevocable undertakings have been given on the basis that the relevant New Star Ordinary Shareholders will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by them in favour of the resolutions to be proposed at the Delisting General Meeting and the Restructuring General Meeting to the extent that they continue to be beneficially interested in such New Star Ordinary Shares at the time of the relevant general meeting.
- By New Star in respect of a further 9,566,111 New Star Ordinary Shares, representing 4.10 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholder has given irrevocable undertakings to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Delisting General Meeting and the Restructuring General Meeting. This additional irrevocable undertaking has been given on the basis that the relevant New Star Ordinary Shareholder will vote or procure votes in respect of the New Star Ordinary Shares beneficially owned by it in favour of the resolutions to be proposed at the Delisting General Meeting and the Restructuring General Meeting to the extent that it continues to be beneficially interested in such New Star Ordinary Shares at the time of the relevant general meeting.
- A letter of intent has been received by New Star in respect of a further 25,602,009 New Star Ordinary Shares, representing 10.96 per cent. of the votes capable of being cast at each of the Delisting General Meeting and the Restructuring General Meeting, pursuant to which the relevant New Star Ordinary Shareholder has

indicated its current intention to vote in favour of the resolutions to be put to New Star Ordinary Shareholders at the Delisting General Meeting and the Restructuring General Meeting. The letter of intent is not legally binding.

Further details of these irrevocable undertakings and letters of intent are set forth in Appendix 3 to this Announcement.

Except for the irrevocable undertakings summarised above, neither Henderson nor, so far as the Henderson Board are aware, any person acting in concert with it owns or controls or has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) any New Star Ordinary Shares or any securities convertible or exchangeable into New Star Ordinary Shares or any rights to subscribe for or purchase the same, or holds any options (including traded options) in respect of, or has any option to acquire, any New Star Ordinary Shares or has entered into any derivatives referenced to New Star Ordinary Shares which remain outstanding, nor does any such person hold any long exposure or short positions in relation to New Star Ordinary Shares (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor does any such person have any arrangement in relation to New Star Ordinary Shares. In view of the requirement for confidentiality, Henderson has not made any enquiries in this respect of certain parties who may be deemed by the Panel to be acting in concert with it for the purposes of the Offer.

For these purposes, "arrangement" includes any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature, relating to New Star Ordinary Shares which may be an inducement to deal or refrain from dealing in such shares.

## **19. Implementation Agreement**

Henderson, New Star and the Banks have entered into the Implementation Agreement which provides, amongst other things, for the implementation of the Preference Share Acquisition, and contains certain assurances and confirmations between the parties, including in relation to:

- using reasonable efforts to ensure the implementation of the Offer; and
- undertakings being given in relation to the acceptance by the Banks of the Offer.

In particular, the Implementation Agreement contains the principal provisions set forth below.

### *Adjustment provisions*

The Implementation Agreement sets forth certain provisions whereby the consideration due to the New Star Preference Shareholders under the Preference Share Acquisition may be adjusted by reference to New Star's level of cash on the day prior to the Offer becoming wholly unconditional and to the level of net change in New Star's annualised revenues arising from net sales and redemptions from 26 January 2009 to the day prior to the Offer becoming wholly unconditional.

## **20. General**

The Offer Document will be despatched to New Star Ordinary Shareholders at the same time as the Restructuring Circular is despatched to them, which (Henderson having received the consent of the Panel and Jefferies in this respect) is expected to be on or about 11 March 2009. The Offer will be subject to the conditions set forth in Appendix 1.

The bases and sources of certain financial information contained in this Announcement are set forth in Appendix 2 to this Announcement. Certain terms used in this Announcement are defined in Appendix 3 to this Announcement.

## **ENQUIRIES**

For further information, contact:

### **Henderson**

Mav Wynn (Head of Investor Relations, London)

Tel: +44 (0)20 7818 5135

Email: [mav.wynn@henderson.com](mailto:mav.wynn@henderson.com)

### **JPMorgan Cazenove**

Sole financial adviser and joint corporate broker to Henderson

Tel: +44 (0)20 7588 2828

Tim Wise

Shona Graham

Ed Squire

### **UBS Investment Bank**

Lead financial adviser and sole corporate broker to New Star

Tel: +44 (0)20 7567 8000

Jim Renwick

John Humphrey

Rahul Luthra

### **Jefferies International Limited**

Rule 3 Adviser to New Star

Tel: +44 (0)20 7029 8000

Kevin Pakenham

Note:

1. The statements that the Acquisition will be earnings enhancing do not constitute a profit forecast and should not be interpreted to mean that the earnings per share in the first full financial year following the Acquisition, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial year.

*JPMorgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Henderson and no one else in connection with the matters set forth in this Announcement and will not be responsible to anyone other than Henderson for providing the protections afforded to clients of JPMorgan Cazenove or for providing advice in relation to the matters set forth in this Announcement, the contents of this Announcement, or any matter referred to herein.*

*UBS, is acting as financial adviser to New Star and is not acting for any other person in relation to the matters referred to in this Announcement. UBS will not be responsible to anyone other than New Star for providing the protections afforded to its clients or for providing advice in relation to the matters set forth in this Announcement, the contents of this Announcement, or any matter referred to herein.*

*Jefferies, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for New Star and no one else in connection with the matters set forth in this Announcement and will not be responsible to anyone other than New Star for providing the protections afforded to clients of Jefferies or for providing advice in relation to the matters set forth in this Announcement, the contents of this Announcement, or any matter referred to herein.*

*The Offer is not being made in or into, and is not capable of acceptance in or from, Canada or Japan. Custodians, nominees and trustees should observe these restrictions and should not send or distribute documents in or into Canada or Japan.*

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

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

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

*The receipt of cash pursuant to the Offer by New Star Ordinary Shareholders who are US taxpayers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of New Star Ordinary Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.*

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

### **Forward-looking statements**

*This Announcement, including information included or incorporated by reference, may contain a number of forward-looking statements relating to Henderson and New Star with respect to, among others, the following: financial condition; results of operation; the businesses of Henderson and New Star; future benefits of the transaction; and management plans and objectives. Henderson and New Star consider any statements that are not historical facts to be "forward-looking statements". These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to the combination of the businesses of Henderson and New Star, or of other future acquisitions, are greater than expected; expected cost savings from the transaction or from other future acquisitions are not fully realised or not realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether internationally or in the places Henderson and New Star do business are less favourable than expected, and/or conditions in the securities market are less favourable than expected.*

*The estimated operational cost savings and financial synergies have been calculated on the basis of the existing cost and operating structures of the companies and by reference to current prices and the current regulatory environment. These statements of estimated cost savings relate to future actions and circumstances which, by their nature, involve risk, uncertainties and other factors. Because of this, the cost savings and financial synergies referred to may not be achieved, or those achieved could be materially different from those estimated. These statements should not be interpreted to mean that the earnings per share in the first full financial year following the Acquisition, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial period.*

### **Dealing Disclosure Requirements**

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

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

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

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

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

**APPENDIX 1**  
**CONDITIONS AND CERTAIN FURTHER TERMS**  
**OF THE OFFER**

**1. CONDITIONS OF THE OFFER**

The Offer will be subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by 3.00 p.m (London time) on the first closing date of the Offer (or such later time(s) and/or date(s) as Henderson may, with the consent of the Panel or subject to the rules of the City Code, decide) in respect of not less than 90 per cent. (or such lesser percentage as Henderson may decide) in nominal value of the New Star Ordinary Shares to which the Offer relates and not less than 90 per cent. (or such lesser percentage as Henderson may decide) of the voting rights carried by the New Star Ordinary Shares to which the Offer relates, provided that this condition will not be satisfied unless Henderson (and/or any of its wholly-owned subsidiaries) shall have acquired, or agreed to acquire, whether pursuant to the Offer or otherwise, New Star Ordinary Shares carrying, in aggregate, more than 50 per cent. of the voting rights normally exercisable at general meetings of New Star, including for this purpose (to the extent, if any, required by the Panel) any voting rights attributable to or attaching to any New Star Ordinary Shares which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of conversion or subscription rights or otherwise, and for the purposes of this condition:
  - (i) New Star Ordinary Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on issue; and
  - (ii) the expression " New Star Ordinary Shares to which the Offer relates" shall be construed in accordance with section 977 of the Companies Act 2006;
- (b) the resolution to approve the Delisting having been passed at the Delisting General Meeting or at any adjournment thereof, provided that such adjourned meeting is held within three Business Days following 10 February 2009, or by such later date as Henderson may agree;
- (c) the Delisting having become effective by 11 March 2009, or by such later date as Henderson may agree;
- (d) the Restructuring Agreements having become effective by 28 March 2009 (or such other date as Henderson may agree) as described in the Restructuring Circular, and the Banks and the relevant directors and employees of the New Star Group having been allotted and issued the New Star Ordinary Shares and New Star Preference Shares due to them pursuant to the terms of the Restructuring Agreements;
- (e) the Henderson Shareholders having passed a resolution (requiring the approval of a majority of shareholders present and voting) at the Henderson General Meeting approving (i) the making of the Offer and the Preference Share Acquisition pursuant to LR 10.5.1 (3) of the Listing Rules and (ii) the issue of more than 15 per cent of its ordinary share capital in any 12 month period pursuant to ASX Listing Rule 7.1;
- (f) the admission of the New Henderson Shares to be issued in connection with the Preference Share Acquisition to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities;

- (g) the granting of official quotation by the ASX to the Henderson CHES Depository Interests to be issued in connection with the Preference Share Acquisition;
- (h) The Office of Fair Trading having either: (1) declined jurisdiction over the transaction; or (2) indicated, in terms satisfactory to Henderson, that it is not the intention of the Office of Fair Trading to make a referral to the Competition Commission in connection with the Offer, or any matters arising from or relating to the Offer;
- (i) either of the following events occurring:
  - (i) the FSA having notified Henderson in writing in terms satisfactory to Henderson (acting reasonably in assessing whether such terms are satisfactory) that it is granting approval to Henderson (and any of its subsidiaries, as necessary) for the acquisition of control over each Regulated Subsidiary in accordance with section 183 of FSMA; or
  - (ii) the FSA being deemed to have granted approval to Henderson for the acquisition of control over each Regulated Subsidiary in accordance with section 184(2) of FSMA;
- (j) the Irish Financial Services Regulatory Authority granting approval to Henderson (and any of its subsidiaries, as necessary) in writing in terms satisfactory to Henderson (Henderson acting reasonably in assessing whether such terms are satisfactory) to become qualifying shareholders of New Star Investment Funds (Ireland) Limited as required by Irish law;
- (k) no government or governmental, quasi-governmental, supranational, statutory or regulatory body, institution, association or agency (including any trade agency) or any court or other body (including any professional or environmental body) or person in any relevant jurisdiction (each a "Relevant Authority") having given written notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation or enquiry or having required any action to be taken or otherwise having enacted, made or proposed any statute, regulation, order or decision that would or might be reasonably expected to:
  - (i) make the Offer or its implementation or the acquisition or the proposed acquisition of any shares in, or control of, New Star by any member of the Wider Henderson Group void, unenforceable or illegal under the laws of any relevant jurisdiction or directly or indirectly prohibit or otherwise materially restrict, prevent or delay or interfere with the implementation of, or impose additional material conditions or obligations with respect to, or otherwise in a material way challenge, the Offer or the acquisition of any shares in, or control of, New Star by any member of the Wider Henderson Group;
  - (ii) require or prevent the divestiture (or alter the terms of any proposed divestiture) by any member of the Henderson Group or any member of the New Star Group of all or any material part of their respective businesses, assets or properties or impose any material limitation on their ability to conduct all or any part of their respective businesses and to own or control any of their respective businesses, assets or properties, in each case to an extent which is material in the context of the Henderson Group taken as a whole or, as the case may be, the New Star Group taken as a whole;
  - (iii) impose any material limitation on or result in any material delay in the ability of any member of the Henderson Group to acquire or hold or to exercise effectively, directly or indirectly, all rights of ownership of shares or other securities (or the equivalent) in New Star in any respect which is material in the context of the New Star Group, or to exercise management control over New Star;

- (iv) except pursuant to Part 28 of the Companies Act 2006 or the Offer, require any member of the Henderson Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the New Star Group; or
- (v) result in any member of the New Star Group ceasing to be able to carry on business under any name under which it presently does so, where such a result would be material and adverse in the context of the Wider New Star Group taken as a whole,

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

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

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

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

- (n) since the Accounts Date and except as Disclosed, no member of the New Star Group having, to an extent which is material in the context of the Wider New Star Group taken as a whole:
  - (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell New Star Ordinary Shares out of treasury, save as between New Star and other members of the Wider New Star Group;
  - (iii) recommended, declared, paid or made any bonus, dividend or other distribution, whether payable in cash or otherwise, other than a distribution by any wholly-owned subsidiary of New Star;
  - (iii) save as between New Star and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, implemented or authorised any merger or demerger with any body corporate or, otherwise than in the ordinary course of business, acquired or disposed of, or transferred, mortgaged or charged or created any other security interest over, any assets or any right, title or interest in any asset (including shares);
  - (iv) redeemed, purchased or reduced any of its own shares or made or authorised any change in its share or loan capital;
  - (v) issued or authorised the issue of any debentures or, other than in the ordinary course of business and other than between members of the Wider New Star Group, incurred or increased any indebtedness or contingent liability which in any such case is material;
  - (vi) entered into, varied or terminated any arrangement, contract or commitment (whether in respect of capital expenditure or otherwise), other than in the ordinary course of business, which is of a long term, onerous or unusual nature or magnitude or which involves or could reasonably be expected to involve an obligation of an unusual nature or magnitude;
  - (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of, any service contract or other agreement with any director or senior executive of New Star save to the extent requested in writing by Henderson;

- (viii) save as between members of the Wider New Star Group, entered into any contract, transaction, reconstruction, amalgamation, commitment, scheme or other arrangement otherwise than in the ordinary course of business;
  - (ix) other than by way of a solvent winding-up in respect of any member of the New Star Group which is dormant at the relevant time, taken any corporate action for its winding-up, dissolution or reorganisation or for the appointment of a receiver, manager, administrator, administrative receiver, trustee, provisional liquidator, liquidator or similar officer in respect of all or any of its assets and revenues or any analogous proceedings or steps having been taken by any member of the New Star Group in any relevant jurisdiction;
  - (x) waived or compromised any claim, other than in the ordinary course of business, and which is material in the context of the Wider New Star Group taken as a whole;
  - (xi) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable under such schemes, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded, or made or agreed or consented to any change to the trustees;
  - (xii) made any material amendment to its memorandum or articles of association;
  - (xiii) entered into any contract, transaction or arrangement which is or may be materially restrictive on the business of any member of the Wider New Star Group other than of a nature and to an extent which is not unusual in the context of the business concerned; or
  - (xiv) entered into any contract, commitment or arrangement or passed any resolution in general meeting with respect to, or proposed or announced any intention to effect or propose, any of the transactions, matters or events referred to in this paragraph (n);
- (o) since the Accounts Date and except as Disclosed:
- (i) no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider New Star Group having occurred which is material in the context of the Wider New Star Group taken as a whole; and
  - (ii) no litigation, arbitration, prosecution or other legal proceedings having been threatened, announced, instituted or become pending or remaining outstanding by, against or in respect of any member of the New Star Group or to which any member of the New Star Group is or may be a party (whether as plaintiff or defendant or otherwise) and other than as a result of the Offer no investigation by any Relevant Authority or other investigative body against or in respect of any member of the New Star Group having been threatened, announced, implemented, instituted or become pending or remaining outstanding by, against or in respect of any member of the New Star Group and which in any such case is material and adverse in the context of the Wider New Star Group taken as a whole; and
- (p) Henderson not having discovered that:
- (i) save as Disclosed, any financial, business or other information concerning the New Star Group which is material in the context of the Offer and which has been publicly disclosed at any time by any member of the New Star

Group is materially misleading, contains a misrepresentation of fact or omits to state a fact necessary to make such information not materially misleading which in any case is material and adverse in the context of the New Star Group taken as a whole and which was not corrected by a subsequent announcement to a Regulatory Information Service by or on behalf of any member of the Wider New Star Group and which information is material in the context of the Wider New Star Group taken as a whole; or

- (ii) any member of the New Star Group is subject to any liability, contingent or otherwise, which has not been Disclosed and which is material in the context of the New Star Group taken as a whole.

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

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

The Offer will lapse (unless the Panel otherwise consents) if, before the first closing date of the Offer or the date when the Offer becomes or is declared unconditional as to acceptances (whichever is the later), the Offer or any matter arising from or relating to the Offer is referred to the Competition Commission. If the Offer does so lapse, not only will the Offer cease to be capable of further acceptance but also New Star Ordinary Shareholders and Henderson will thereafter cease to be bound by prior acceptances.

## **2. CERTAIN FURTHER TERMS OF THE OFFER**

New Star Ordinary Shares will be acquired by Henderson fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the date of this Announcement.

The Offer will be on the terms and will be subject, inter alia, to the conditions which are set forth in part 1 of Appendix 1 and those terms which will be set forth in the Offer Document and such further terms as may be required to comply with the Listing Rules, the ASX Listing Rules and the provisions of the City Code. The Offer and any acceptances thereunder will be governed by English law.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

## APPENDIX 2

### BASES AND SOURCES

- (a) The value attributed to the existing issued share capital of New Star is based upon the 268,580,859 New Star Ordinary Shares in issue on 29 January 2009 and the 1,153,389 New Star Ordinary Shares which are the subject of options granted under the New Star Share Scheme (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).
- (b) For the purposes of the financial comparisons contained in this Announcement, no account has been taken of any liability to taxation or the treatment of fractions under the Offer.
- (c) Unless otherwise stated, the financial information on Henderson is extracted from Henderson's Annual Report and Accounts for the year ended 31 December 2007, from the Announcement of Henderson's interim results for the six months ended 30 June 2008 and from Henderson's internal records.
- (d) Unless otherwise stated, the financial information on New Star is extracted from New Star's Annual Report and Accounts for the year ended 31 December 2007, from the Announcement of New Star's interim results for the year ended 30 June 2008 and from New Star's internal records.
- (e) Earnings per share figures are stated exclusive of exceptional and extraordinary items where these have been disclosed.
- (f) Enterprise value is the aggregation of the value of New Star's ordinary equity, preference share capital and debt arising on completion of the New Star Restructuring.

**APPENDIX 3**  
**DETAILS OF IRREVOCABLE UNDERTAKINGS**  
**AND LETTERS OF INTENT**

The following holders of New Star Ordinary Shares have given irrevocable undertakings:

	<b>Name</b>	<b>Number of New Star Ordinary Shares</b>	<b>Percentage of available votes<sup>8</sup></b>
1	John Duffield	13,680,000	5.86
2	Howard Covington	2,800,000	1.20
3	John Jay	428,571	0.18
4	Mark Skinner	992,928	0.43
5	Michael Astor	804,000	0.34
6	Richard Pease	4,800,000	2.05
7	Rupert Ruvigny	4,800,000	2.05
8	Rectory Farm Settlement – Children's Fund (being a connected person of Michael Astor)	264,672	0.11
9	M Astor's 1995 Discretionary Fund (being a connected person of Michael Astor)	192,000	0.08
10	Fun-Direct Limited	1,173,333	0.5
11	NS Limited	11,190,506	4.79
12	Lansdowne Partners Limited Partnership	9,566,111	4.10

<sup>8</sup> The percentages in this column are based on the total New Star Ordinary Shares carrying voting rights as at the date of this Announcement. The 35,000,000 shares which have been issued under the New Star Shared Ownership Plan cannot be voted.

	<b>Name</b>	<b>Number of New Star Ordinary Shares</b>	<b>Percentage of available votes<sup>8</sup></b>
13	Judi Bevan (Spouse John Jay)	51,428	0.02
14	Gregor Logan	626,592	0.27
15	John Mould	240,000	0.10
16	Mark Beale	951,840	0.41
17	Richard Lewis	952,000	0.41
18	Roger Dossett	528,000	0.23
19	Tim Steer	1,440,000	0.62
20	Toby Thompson	2,320,000	0.99
21	Greg Jones	487,936	0.21
	<b>TOTAL</b>	<b>58,289,917</b>	<b>24.95</b>

Notes:

1. The terms of the irrevocable undertakings given by the persons listed at lines 1 to 7 (inclusive) above (the '**Director Shareholders**') provide that each Director Shareholder is entitled to dispose of all or any part of their holding of New Star Ordinary Shares, subject to the person to whom the disposal is made having entered into an undertaking in favour of New Star and the Banks on terms no less favourable than the undertaking given by the Director Shareholder. Each Director Shareholder is entitled to give an irrevocable undertaking to accept an offer to acquire the entire issued share capital of New Star and to dispose of interests in all or any shares pursuant to any scheme of arrangement proposed pursuant to the Companies Act 2006. The undertakings given by the Director Shareholders terminate on the earlier of: (a) completion of the New Star Restructuring; (b) the date in the Implementation Agreement by which the New Star Restructuring must have occurred; and (c) 30 April 2009. Nothing in the undertaking requires a Director Shareholder to act contrary to his fiduciary duties in the event of a competing bid for New Star.
2. The terms of the irrevocable undertakings given by the entities listed at lines 8 to 12 (inclusive) above (the '**Corporate Shareholders**') provide that each Corporate Shareholder (except for the Corporate Shareholder listed at line 12 above) is entitled to sell any part of their holding of New Star Ordinary Share pursuant to a bona fide transaction on arms length terms with a third party who is not a connected person of

such Corporate Shareholder. The undertakings given by the Corporate Shareholders terminate if the New Star Restructuring has not been completed by 30 June 2009.

3. The terms of the irrevocable undertakings given by the non-director individual employee shareholders listed at lines 13 to 21 (inclusive) above (the 'Individual Shareholders') provide that each Individual Shareholder is entitled to sell any part of their holding of New Star Ordinary Share pursuant to a bona fide transaction on arms length terms with a third party who is not a connected person of such Individual Shareholder. The undertakings given by the Individual Shareholders terminate if the New Star Restructuring has not been completed by 30 June 2009.

The following holders of New Star Ordinary Shares have given non-binding letters of intent:

<b>Name</b>	<b>Number of New Star Ordinary Shares</b>	<b>Percentage of available votes<sup>9</sup></b>
1 Franklin Templeton Investments	25,602,009	10.96
<b>TOTAL</b>	<b>25,602,009</b>	<b>10.96</b>

The letter of intent set forth in the above table is non-binding.

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<sup>9</sup> The percentages in this column are based on the total New Star Ordinary Shares carrying voting rights as at the date of this Announcement. The 35,000,000 shares which have been issued under the New Star Shared Ownership Plan cannot be voted.

## APPENDIX 4

### DEFINITIONS

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

<b>“Accounts Date”</b>	means 31 December 2007;
<b>“Associate”</b>	has the meaning given in section 988 of the Companies Act 2006;
<b>“ASX”</b>	means the Australian Securities Exchange;
<b>“ASX Listing Rules”</b>	means the listing rules of ASX;
<b>“AUM”</b>	means assets under management;
<b>“Australia”</b>	means the Commonwealth of Australia, its territories and possessions;
<b>“Banks”</b>	means Bank of Scotland plc, The Royal Bank of Scotland plc, Lloyds TSB Bank plc, HSBC Bank plc and National Australia Bank Limited, London Branch;
<b>“Business Day”</b>	means a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
<b>“Canada”</b>	means Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof;
<b>“City Code”</b>	means The City Code on Takeovers and Mergers;
<b>“Companies Act 2006”</b>	means the Companies Act 2006 (as amended from time to time);
<b>“Conditions”</b>	means the conditions to the implementation of the Offer, as set forth in Appendix 1 of this Announcement and to be set forth in the Offer Document;
<b>“Delisting”</b>	means the cancellation of the admission of the New Star Ordinary Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities;
<b>“Delisting General Meeting”</b>	means the general meeting of New Star convened for 10 February 2009 at which a resolution will be proposed to New Star Ordinary Shareholders to approve the Delisting;

<b>“Disclosed”</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(i) as disclosed in the audited consolidated report and accounts of New Star for the period ended 31 December 2007;</li> <li>(ii) as disclosed in the interim report of New Star for the six months ended 30 June 2008;</li> <li>(iii) as publicly announced by New Star (through a Regulatory Information Service) prior to the date of this Announcement;</li> <li>(iv) as disclosed in this Announcement;</li> <li>(v) as disclosed in the circular to New Star Ordinary Shareholders dated 22 January 2009 in relation to the Delisting;</li> <li>(vi) as disclosed in the prospectus issued by New Star on 20 April 2007;</li> <li>(vii) as disclosed in the circular to New Star Ordinary Shareholders issued by New Star on 4 June 2008; and</li> <li>(viii) all matters fairly disclosed in the documents contained in the electronic data room made available to Henderson and its advisers as at midnight on 26 January 2009 and such other documents added to the electronic data room after such time as may be agreed in writing between Henderson and Nova;</li> </ul>
<b>“Form of Acceptance”</b>	means the Form of Acceptance and authority relating to the Offer which will accompany the Offer Document;
<b>“FSA”</b>	means the Financial Services Authority;
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000 (as amended from time to time);
<b>“Henderson”</b>	means Henderson Group plc;
<b>“Henderson Board”</b>	means the board of directors of Henderson
<b>“Henderson General Meeting”</b>	means the general meeting of Henderson approving (i) the making of the Offer and the Preference Share Acquisition pursuant to LR 10.5.1 (3) of the Listing Rules and (ii) the issue of more than 15 per cent of its ordinary share capital in any 12 month period pursuant to ASX Listing Rule 7.1;
<b>“Henderson Group”</b>	means Henderson and its subsidiary undertakings;
<b>“Henderson Ordinary Shares”</b>	means the ordinary shares of 12.5 pence each in the capital of Henderson;
<b>“Henderson Shareholders”</b>	means registered holders of Henderson Ordinary Shares from time to time;
<b>“Implementation Agreement”</b>	means the implementation agreement dated 30 January 2009 and entered into between Henderson, New Star and the Banks;

<b>“Japan”</b>	means Japan, its cities, prefectures, territories and possessions;
<b>“Jefferies”</b>	means Jefferies International Limited;
<b>“Listing Rules”</b>	means the listing rules of the UK Listing Authority;
<b>“London Stock Exchange”</b>	means London Stock Exchange plc;
<b>“New Henderson CHES Depository Interests”</b>	means new CHES Depository Interests, each representing one New Henderson Ordinary Share to be issued pursuant to the Preference Share Acquisition;
<b>“New Henderson Shares”</b>	means the new ordinary shares of 12.5 pence each in the capital of Henderson to be issued pursuant to the Preference Share Acquisition;
<b>“New Star”</b>	means New Star Asset Management Group PLC, a company incorporated in England and Wales with registered number 6047952;
<b>“New Star Board”</b>	means the board of directors of New Star;
<b>“New Star Group”</b>	means New Star and its subsidiary undertakings;
<b>“New Star Ordinary Shares”</b>	means, ordinary shares of 25 pence each in the capital of New Star prior to completion of the New Star Restructuring, and after completion of the New Star Restructuring, the A ordinary shares of 5 pence each in the capital of New Star and the B ordinary shares of 0.1 pence each in the capital of New Star;
<b>“New Star Ordinary Shareholders”</b>	means registered holders of New Star Ordinary Shares from time to time;
<b>“New Star Preference Shareholders”</b>	means registered holders of New Star Preference Shares from time to time;
<b>“New Star Preference Shares”</b>	means the convertible cumulative redeemable preference shares of £1.00 (in the case of the shares to be allotted to the Banks) and convertible cumulative redeemable preference shares of £0.001 each in the capital of New Star to be offered to certain directors and employees of New Star, to be issued pursuant to the Restructuring Agreements;
<b>“New Star Relevant Securities”</b>	means New Star Ordinary Shares and options granted under the New Star Share Scheme;
<b>“New Star Share Scheme”</b>	means the New Star 2007 Discretionary Share Option Scheme;
<b>“New Star Ordinary Shareholders”</b>	means registered holders of New Star Ordinary Shares from time to time;
<b>“New Star Restructuring”</b>	means the restructuring of New Star’s issued and to be issued share capital to be set forth in the Restructuring Circular;

<b>“Offer”</b>	means the proposed offer for the entire issued and to be issued ordinary share capital of New Star by Henderson to be implemented by way of a takeover offer (as defined in section 974 Companies Act 2006) on the terms and subject to the Conditions set forth in this Announcement and any subsequent revision, variation, extension or renewal thereof (such agreed terms and Conditions also to be set forth in the Offer Document);
<b>“Offer Document”</b>	means the document containing the Offer to be sent to New Star Ordinary Shareholders;
<b>“Official List”</b>	means the Official List of the UK Listing Authority;
<b>“Panel”</b>	means the Panel on Takeovers and Mergers;
<b>“Preference Share Acquisition”</b>	means the acquisition by Henderson of the New Star Preference Shares in accordance with the Implementation Agreement;
<b>"Regulated Subsidiary"</b>	means any of New Star Asset Management Limited, New Star Institutional Managers Limited, Worldinvest Management Limited and New Star Investment Funds Limited;
<b>"Regulatory Information Service"</b>	means any of the services approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website, <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> ;
<b>"Restructuring Agreements"</b>	means a series of agreements between, inter alia, New Star and the Banks, setting forth the basis upon which the New Star Restructuring is to be effected, together with any amendments to such agreements as Henderson may have approved;
<b>"Restructuring Circular"</b>	means the circular to New Star Ordinary Shareholders to be issued by New Star on or about 11 March 2009 in relation to the New Star Restructuring;
<b>“Restructuring General Meeting”</b>	means the general meeting of New Star to be convened in due course on despatch of the Restructuring Circular at which resolutions will be proposed to New Star Ordinary Shareholders to approve the New Star Restructuring;
<b>"subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking"</b>	have the meanings respectively ascribed to them under the Companies Act 2006;
<b>“UBS” or “UBS Investment Bank”</b>	means UBS Limited;
<b>“UK” or “United Kingdom”</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>"UK Listing Authority"</b>	means the Financial Services Authority acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000;

<b>“United States of America” or “United States”</b>	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>“US Exchange Act”</b>	means the United States Securities Exchange Act of 1934 as amended;
<b>“US Securities Act”</b>	means the United States Securities Act of 1933 and the rules and regulations promulgated thereunder (as amended);
<b>"Wider Henderson Group"</b>	means Henderson and its subsidiary undertakings, associated undertakings and any other undertakings in which Henderson and such undertakings (aggregating their interests) have a substantial interest and for these purposes, "substantial interest" means a direct or indirect interest in 20 per cent. or more of the equity capital of an undertaking; and
<b>"Wider New Star Group"</b>	means New Star and its subsidiary undertakings, associate undertakings and any other undertakings in which New Star and such undertakings (aggregating their interests) have a substantial interest and for these purposes "substantial interest" means a direct or indirect interest in 20 per cent. or more of the equity capital of an undertaking.