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Recommended Acquisition by Henderson Group plc of Gartmore Group Limited

1 March 2011

On 12 January 2011, Henderson Group plc (“Henderson Group”) and Gartmore Group Limited (“Gartmore”) announced that agreement had been reached on the terms of a recommended acquisition by Henderson Group of the entire issued share capital of Gartmore in consideration for the issue of New Henderson Group Shares to Gartmore Shareholders. The Proposed Acquisition is being implemented by means of a scheme of arrangement between Gartmore and its shareholders under section 86 of the Cayman Companies Law.

Further to that announcement, Henderson Group announces that a circular (the “Circular”) to Henderson Group shareholders concerning the Proposed Acquisition and containing a notice of general meeting of Henderson Group (the “General Meeting”) to approve the Proposed Acquisition has been made available to Henderson Group Shareholders today. The Circular (including a sample of the form of proxy for holders of ordinary shares and voting instruction form for CDI holders) is attached to this announcement.

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If you sell or have sold or otherwise transferred all of your Henderson Group Shares or CDIs, please forward this document, together with the accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold part only of your holding of Henderson Group Shares or CDIs, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document does not constitute an offer of any securities for sale.

Except where stated otherwise or unless the context requires something different, where the term "Henderson Group Shareholder" is used in this document, it refers to a holder of equity securities regardless of whether the equity securities are traded on the main market for listed securities of the LSE in the form of Henderson Group Shares or quoted on the financial market operated by ASX in the form of CDIs. Similarly, where the term "share" or "shareholding" is used in this document, it includes CDIs, where appropriate.

UBS is acting exclusively as lead financial adviser, sole corporate broker and sponsor to Henderson Group and no-one else in relation to the Proposed Acquisition and will not be responsible to anyone other than Henderson Group for providing the protections offered to clients of UBS nor for providing advice in relation to the matters described in this document or in relation to the Proposed Acquisition.

Ondra Partners, authorised and regulated in the UK by the FSA, is acting exclusively as joint financial adviser to Henderson Group and no-one else in relation to the Proposed Acquisition and will not be responsible to anyone other than Henderson Group for providing the protections offered to clients of Ondra Partners nor for providing advice in relation to the matters described in this document or in relation to the Proposed Acquisition.

Other than their responsibilities to Henderson Group and the responsibilities and liabilities, if any, which may be imposed on UBS and Ondra Partners by FSMA or the regulatory regime established thereunder, UBS and Ondra Partners do not accept any responsibility or liability whatsoever for the contents of this document or for any other document or for any statement made or purported to be made by either of them or on their behalf in connection with Henderson Group, Henderson Group Shares, CDIs, the matters described in this document or in relation to the Proposed Acquisition. Each of UBS and Ondra Partners accordingly disclaims all and any other responsibility or liability whether arising in tort, contract or otherwise that either of them might otherwise have in respect of this document or any such statement.



(Incorporated and registered in Jersey with registered number 101484)

**Proposed Acquisition of Gartmore Group Limited
and
Notice of General Meeting**

This document should be read as a whole. In particular, your attention is drawn to the letter to Henderson Group Shareholders from the Chairman of Henderson Group, which is set out in Part I of this document and which contains a recommendation that you vote in favour of the Resolution at the General Meeting referred to below. **Your attention is also drawn to the risk factors set out in Part III of this document.**

Notice of the General Meeting of Henderson Group to be held at Crowne Plaza, Northwood Park, Santry Demesne, Santry at 8.15 am (Dublin time) and which will be simultaneously broadcast to the Wesley Conference Centre, 220 Pitt Street, Sydney at 7.15 pm (Sydney time) on 22 March 2011 is set out at the end of this document. A Form of Proxy or CDI Voting Instruction Form (as appropriate) to be used in connection with the Resolution to be proposed at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to complete the Form of Proxy or CDI Voting Instruction Form and return it in accordance with the instructions printed on it and in any event so as to arrive not later than the time and date printed on the Form of Proxy or CDI Voting Instruction Form.

This document is a Circular relating to the Proposed Acquisition, which has been prepared in accordance with the Listing Rules. This Circular has been approved by the FSA.

A summary of the action to be taken by Henderson Group Shareholders is set out in paragraph 17 of Part I of this document and in the accompanying Notice of General Meeting.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements only speak as of the date on which they are made, and the events discussed herein may not occur. Subject to the requirements of the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules, Henderson Group does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise.

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

Statements regarding the benefits of the Proposed Acquisition or that the Proposed Acquisition will be earnings enhancing are not and do not constitute a profit forecast and should not be interpreted to mean that Future Underlying Earnings per share following the Proposed Acquisition will necessarily match or be greater than the historical published Underlying Earnings per share of Henderson Group or Gartmore.

Application will be made to the UK Listing Authority for the New Henderson Group Shares to be admitted to the Official List with a premium listing and to the LSE for the New Henderson Group Shares to be admitted to trading on the LSE's main market for listed securities. It is expected that Admission will become effective, and that dealings in the New Henderson Group Shares will commence, on 4 April 2011. Application for quotation on the financial market operated by ASX will be made in respect of any New CDIs representing New Henderson Group Shares. It is expected that Quotation will become effective, and that dealings in any New CDIs will commence, on 5 April 2011.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom and Australia may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom or Australia should inform themselves about, and observe, any applicable requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared to comply with the requirements of English and Australian law, the Listing Rules, the rules of the LSE and the ASX Listing Rules and information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England or Australia.

WEBSITE

The contents of Henderson Group's website or of any website accessible via hyperlinks from Henderson Group's website are not incorporated into, and do not form part of, this document.

TO VOTE ON THE PROPOSED ACQUISITION

You should read the entire document before deciding how to vote.

VOTING PROCEDURES

If you would like to vote, you may do so by either:

- attending and voting at the General Meeting on 22 March 2011. If you are a CDI Holder and wish to attend the meeting, please read the voting instructions in Part II of this document; or
- appointing someone as your proxy to attend and vote for you at the General Meeting. To appoint someone in writing use either the enclosed Form of Proxy or the CDI Voting Instruction Form. Instructions about how to complete the form are set out on the front of the Form of Proxy and on the reverse of the CDI Voting Instruction Form. Alternatively, you can go to the Henderson Group website at www.henderson.com/GM2011 to appoint someone online.

There are different voting procedures depending on whether you hold your Henderson Group Shares on the LSE's main market for listed securities or if you have CDIs quoted on the financial market operated by the ASX. Please read the voting instructions in Part II of this document carefully to ensure you are aware of the arrangements affecting you.

Your Form of Proxy or CDI Voting Instruction Form (either online or paper) needs to be lodged so that it reaches Henderson Group's share registry by the time and date specified on your Form of Proxy or CDI Voting Instruction Form.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Proposed Acquisition	12 January 2011
Latest time for receipt of CDI Voting Instruction Forms via post and voting instructions via internet (for CDI Holders) for the General Meeting (if directing CDN how to vote on your behalf)	7.15 pm (Sydney time) on 17 March 2011
Latest time for receipt of CDI Voting Instruction Forms via post and voting instructions via internet (for CDI Holders) for the General Meeting (if directing CDN to appoint you or someone else as proxy)	7.15 pm (Sydney time) on 20 March 2011
Latest time for receipt of Forms of Proxy via post and submission of proxy instructions via CREST/internet (for holders of Henderson Group Shares) for the General Meeting	8.15 am (Dublin time) on 20 March 2011
Voting record time for the General Meeting for the holders of Henderson Group Shares	6.00 pm (Dublin time) on 20 March 2011
Court Meeting of Gartmore Shareholders	21 March 2011
General Meeting of Henderson Group Shareholders	8.15 am (Dublin time) and 7.15 pm (Sydney time) on 22 March 2011
Court sanction of the Scheme	31 March 2011
Last day of dealings in Gartmore Shares	1 April 2011
Effective Date	4 April 2011
Delisting of Gartmore Shares	4 April 2011
Issue of New Henderson Group Shares	4 April 2011
Admission and commencement of dealings in New Henderson Group Shares	8.00 am (London time) 4 April 2011
Crediting of New Henderson Group Shares to CREST accounts	4 April 2011
Issue of New CDIs	4 April 2011
Commencement of dealings in New CDIs	5 April 2011
Latest date for despatch of share certificates in respect of New Henderson Group Shares (and holding statements in respect of New CDIs) and any cheques in respect of fractional entitlements	14 April 2011
Payment date of 2010 Final Dividend	27 May 2011

Note:

These dates are given on the basis of the Directors' current expectations and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Henderson Group Shareholders by announcement through the LSE and the ASX and will be available on www.henderson.com.

Directors

Rupert Pennant-Rea *Non-Executive Chairman*
Andrew Formica *Chief Executive*
Shirley Garrood *Chief Financial Officer*
Gerald Aherne *Non-Executive Director*
Duncan Ferguson *Non-Executive Director*
Tim How *Non-Executive Director*
Robert Jeens *Non-Executive Director*

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(Incorporated and registered in Jersey with registered number 101484)

Directors:

Rupert Pennant-Rea *Non-Executive Chairman*
Andrew Formica *Chief Executive*
Shirley Garrod *Chief Financial Officer*
Gerald Aherne *Non-Executive Director*
Duncan Ferguson *Non-Executive Director*
Tim How *Non-Executive Director*
Robert Jeens *Non-Executive Director*

Registered Office:

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1 March 2011

To the holders of Henderson Group Shares, CDIs and, for information only, to holders of options granted under, and other participants in, Henderson Group Share Plans

Dear Henderson Group Shareholder,

PROPOSED ACQUISITION BY HENDERSON GROUP OF GARTMORE

1. INTRODUCTION

On 12 January 2011, the boards of directors of Henderson Group and Gartmore announced that agreement had been reached on the terms of a recommended acquisition by Henderson Group of the entire issued share capital of Gartmore in consideration for the issue of New Henderson Group Shares to Gartmore Shareholders.

The Proposed Acquisition further strengthens the Group's presence in the UK fund management industry combining the Group's AUM of £61.6bn as at 31 December 2010 with the Gartmore Group's AUM of £16.5bn as at 31 December 2010 (as stated in the Gartmore 2010 Preliminary Results Announcement and after taking into account notified redemptions as at 7 January 2011) to form a business with combined AUM as at that date of £78.1bn, diversified across asset classes, geographies, client types, products and investment capabilities.

Completion of the Proposed Acquisition is conditional upon, among other things, the approval of Henderson Group Shareholders. This is required by the Listing Rules, due to the size of Gartmore relative to that of Henderson Group and to enable the issue of the New Henderson Group Shares.

I am writing to give you further details of the Proposed Acquisition and the Resolution, to explain why the Board considers it to be in the best interests of Henderson Group Shareholders as a whole, and to seek your approval for the Proposed Acquisition and the Resolution.

2. PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSED ACQUISITION

Under the terms of the Proposed Acquisition, Gartmore Shareholders will be entitled to receive New Henderson Group Shares on the following basis:

for each Gartmore Share

0.6667 of a New Henderson Group Share

In addition, the New Henderson Group Shares will rank for the 2010 Final Dividend if they are in issue on the payment date for such dividend. As announced on 23 February 2011, the Board has recommended a final dividend of 4.65 pence per Henderson Group Share to be payable on 27 May 2011 to Henderson Group Shareholders on the register on 6 May 2011, subject to the approval of Henderson Group Shareholders at the Henderson Group 2011 Annual General Meeting. Henderson Group has agreed that if the 2010 Final Dividend is paid before the Effective Date, it will compensate Gartmore Shareholders by making a cash payment of an amount equivalent to the 2010 Final Dividend for each New Henderson Group Share.

Based on the Closing Price of 161.6 pence per Henderson Group Share on 25 February 2011 (the latest practicable date prior to publication of this document), the Proposed Acquisition values each Gartmore Share at 107.7 pence and values the issued share capital of Gartmore at approximately £392.1m.

Assuming 242,639,403 New Henderson Group Shares are issued as consideration for the Proposed Acquisition, Gartmore Shareholders will hold approximately 22.5 per cent. of the enlarged share capital of Henderson Group immediately following the Effective Date, giving them the opportunity to share in the development of the Combined Group.

3. INFORMATION ON GARTMORE

The Gartmore Group is an established traditional equity and alternative asset management firm, whose mutual funds, alternative funds and segregated mandates are distributed to clients in the United Kingdom, Continental Europe, North America, Japan and South America. Headquartered in London, the Gartmore Group also has offices in Tokyo, Boston, Madrid and Frankfurt. Gartmore is incorporated, and has its registered office, in the Cayman Islands and Gartmore Shares have been listed on the Official List and admitted to trading on the LSE's main market for listed securities since 16 December 2009.

Over the last ten years, the Gartmore Group has built a significant alternative asset management business in terms of AUM. This is in addition to its long-standing long-only equities business, making the Gartmore Group one of the few asset management firms with significant expertise in both key market segments.

Gartmore reported consolidated Operating Earnings of £53.1m (2009: £53.1m) and consolidated profits before tax of £18.2m (2009: £46.2m) for the year ended 31 December 2010. Gartmore had consolidated net assets of £206.1m as at 31 December 2010 (2009: £184.2m). The Gartmore Group had AUM of £16.5bn as at 31 December 2010 (as stated in the Gartmore 2010 Preliminary Results Announcement and after taking into account notified redemptions as at 7 January 2011). Since 31 December 2010, the Gartmore Group has experienced net outflows (net of notified redemptions) in January of £390m and in February (up to 18 February 2011) of £402m. However, since the year end markets have been positive, partially offsetting these outflows.

4. HISTORICAL FINANCIAL INFORMATION RELATING TO GARTMORE

The audited consolidated financial statements of Gartmore for the years ended 31 December 2008, 2009 and 2010 are set out in Part IV(A) of this document. The audited consolidated financial statements for the years ended 31 December 2008, 2009 and 2010 were prepared in accordance with IFRS and the audit reports for each of those years were unqualified. Except where otherwise stated, all financial information on Gartmore has been extracted without material adjustment from the audited consolidated financial statements for the years ended 31 December 2008, 2009 and 2010.

5. BACKGROUND TO AND REASONS FOR THE PROPOSED ACQUISITION

The Gartmore Group is an established traditional equity and alternative asset management firm. A key element of Gartmore's strategy has been to build scale in retail and absolute return strategies, which typically have higher margins. This is consistent with Henderson Group's higher margin growth strategy, which was reinforced by its acquisition of New Star in 2009. The combination of the Gartmore Group's products, especially in the UK and European retail and absolute return fund ranges, with the Group's own products will represent a significant acceleration of Henderson Group's own ambitions in these markets. The Gartmore Group has a number of top-rated products and investment managers that are complementary or additive to the Group's existing capabilities and offering. The Combined Group will also be diversified across asset classes, geographies, client types, products and investment capabilities.

Gartmore Shares were admitted to the Official List of the UK Listing Authority and to trading on the main market of the LSE on 16 December 2009. In March 2010, a key fund manager of the Gartmore Group was suspended pending the outcome of an internal investigation in relation to breaches of internal procedures regarding directing trades. Subsequent to this internal investigation, in June 2010, the FSA confirmed its intention to commence an investigation into the conduct of this key fund manager and in July 2010, the individual decided to resign to devote his attention to concluding the FSA investigation into his conduct. Following this, in November 2010, Gartmore announced that another key fund manager had informed the Gartmore Board that he wished to retire from day-to-day fund management.

During this period, Gartmore's share price experienced sharp declines and on 8 November 2010, the Gartmore Board, having regard to its desire to create value for shareholders and build a long-term growth orientated business, announced its intention to carry out a full assessment and evaluation of the strategic options for the Gartmore Group, including the potential for a sale of Gartmore.

The Board believes that, under Henderson Group's ownership, the risks resulting from reliance on key fund managers will be reduced given the larger number of fund managers in the Combined Group and the fact that no single fund manager would at completion of the Proposed Acquisition manage more than 6 per cent. of AUM. Consequently, the Gartmore Group's clients will again begin to recognise the strength and quality of the portfolio of funds and mandates of the Combined Group as the expected benefits of the Proposed Acquisition materialise.

The Directors believe that the Proposed Acquisition offers compelling benefits as it:

- reinforces the Group's existing investment capabilities with the addition of many of the Gartmore Group's highly respected and highly rated portfolio managers;
- significantly enhances the Group's presence in UK retail asset management;
- increases the AUM in absolute return products to over \$6bn for the Combined Group (based on AUM as at 31 December 2010);
- expands and strengthens the product range, investment capabilities and distribution reach of the Group;
- complements the Group's and the Gartmore Group's existing investment processes and approach;
- is consistent with Henderson Group's higher margin growth strategy and adds product strengths that encompass traditional long-only and absolute return offerings in both institutional and retail segments, in particular, by combining the Gartmore Group's absolute return franchise with the Group's existing absolute return range;
- will benefit from Henderson Group's previous experience of integrating New Star;
- delivers certainty to Gartmore's Shareholders and the Gartmore Group's clients and employees; and
- provides significant economies of scale, enabling the Combined Group to extract cost efficiencies through the reduction of operational overlap.

Based on the Gartmore Group's net revenue run-rate of £163.2m (calculated as set out in the 'Bases and Sources of Information' section of Part V of this document), under Henderson Group's ownership Henderson Group expects the acquired business to be brought over at an operating margin in excess of 60 per cent.

After taking account of prudent AUM assumptions, this operating margin is not expected to be below 50 per cent. and on this basis, the Proposed Acquisition is expected to deliver significant enhancement in Future Underlying Earnings per Henderson Group Share and a return on investment (calculated on the basis of Future Underlying Earnings) in excess of the Group's cost of capital from 2011, in each case before integration and deal costs.

6. IMPLEMENTATION OF THE PROPOSED ACQUISITION

The Proposed Acquisition is being implemented by means of a scheme of arrangement between Gartmore and its shareholders under section 86 of the Cayman Companies Law. The procedure involves an application by Gartmore to the Court to sanction the proposed Scheme and to effect the transfer of the Gartmore Shares to Henderson Group. In consideration for the transfer of Gartmore Shares to Henderson Group, Gartmore Shareholders will receive New Henderson Group Shares on the basis set out in paragraph 2 above.

Before the Court Order can be sought, the proposed Scheme will require approval by Gartmore Shareholders at the Court Meeting. The Scheme will be approved at the Court Meeting if a majority in number representing not less than 75 per cent. in value of Gartmore Shareholders present and voting, either in person or by proxy at the Court Meeting, vote in favour of the Scheme.

The Scheme Document has been made available to Gartmore Shareholders and includes full details of the Scheme together with notice of the Court Meeting and the necessary action to be taken by Gartmore Shareholders.

Henderson Group is required to publish a prospectus in connection with the issue of the New Henderson Group Shares. The Prospectus will contain information relating to, among other things, the Combined Group and the New Henderson Group Shares. The Prospectus will be published on or around 1 March 2011 and will be available on the Henderson Group website.

The Proposed Acquisition is conditional on, among other things:

- the Scheme becoming unconditional and effective by no later than 31 May 2011 (or such later date as Henderson Group and Gartmore may agree and the Court may allow);
- the Scheme is conditional upon: (i) the approval of the Scheme by the Gartmore Shareholders; (ii) the sanction of the Scheme by the Court and the delivery of a copy of the Court Order to the Registrar of Companies in the Cayman Islands; and (iii) the approval of the Resolution by Henderson Group Shareholders;
- receipt of the Admission to Listing and Trading Acknowledgements by Henderson Group; and
- obtaining the necessary FSA consents, approvals and waivers and the approval of certain other regulatory authorities.

Once the necessary approvals from the Gartmore Shareholders and Henderson Group Shareholders have been obtained and the other conditions to the Proposed Acquisition have been satisfied or (where applicable) waived, the sanction hearing will be held at which the Court will consider whether to sanction the Scheme and grant the Court Order.

Once the Scheme is effective, it will be binding on all Gartmore Shareholders, irrespective of whether they attended or voted at the Court Meeting. Following the implementation of the Scheme, Gartmore will become a wholly owned subsidiary of Henderson Group.

Henderson Group can elect to acquire Gartmore by way of a Takeover Offer instead of the Scheme. In this case, the acceptance condition will be set at 90 per cent. (or such lower percentage as the City Code Expert may determine) but the Takeover Offer will otherwise be made on substantially similar terms to the Scheme.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

An unaudited pro-forma statement of consolidated net assets illustrating the effect of the Proposed Acquisition on Henderson Group's consolidated net assets as at 31 December 2010, as if the Proposed Acquisition had become effective at this date, is set out in Part IV(B) of this document. This information has been prepared for illustrative purposes only. It shows that the Proposed Acquisition would have led to a pro-forma movement in consolidated net assets from £354.9m to £738.0m as at 31 December 2010. More detailed information on the expected impact of the Proposed Acquisition on the consolidated assets and liabilities of Henderson Group is set out in Part IV(B) of this document.

8. MANAGEMENT AND EMPLOYEES

Henderson Group attaches great importance to the skills and experience of the management and employees of Gartmore Group.

Henderson Group will work with Gartmore during the period up to the Effective Date to ensure retention of selected employees. Certain key portfolio managers of Gartmore Group, who collectively had lead responsibility for approximately 84 per cent. (including sub-advised AUM) of the Gartmore Group's AUM as at 31 December 2010, have entered into new employment agreements with the Group conditional upon completion of the Proposed Acquisition. The awards which these key employees hold under the Gartmore Omnibus Incentive Plan will be exchanged for corresponding awards over Henderson Group Shares granted under the Henderson Group Share Plans; the corresponding awards will have the same vesting schedule as the Gartmore Group awards.

The Gartmore Board has given due regard to the impact of the Proposed Acquisition on Gartmore Group's employees. As part of this, the Gartmore Board has had detailed discussions with Henderson Group which have included assurances that Gartmore Group employees who are made redundant will be appropriately compensated. Henderson Group has confirmed that Gartmore Group employees who are offered employment on a permanent basis will be offered employment on the Group terms and conditions, which are similar, but not identical, to the Gartmore Group terms and conditions.

Participants in the Gartmore Omnibus Incentive Plan and beneficiaries under the Barclays Wealth Nominee Arrangements will be sent letters shortly after the date of this document explaining the effect of the Proposed Acquisition on their holdings and the actions they may take.

9. IRREVOCABLE UNDERTAKINGS TO SUPPORT THE PROPOSED ACQUISITION

Henderson Group has received irrevocable undertakings to support the Scheme in respect of 208,763,171 Gartmore Shares representing, in aggregate, 57.4 per cent. of the issued share capital of Gartmore.

On the Effective Date, Hellman & Friedman, Gartmore's largest shareholder, will hold approximately 4.6 per cent. of the enlarged share capital of Henderson Group and has agreed that its holding of New Henderson Group Shares will be subject to orderly market arrangements until the earlier of (i) the first anniversary of the Effective Date or (ii) when its holding represents less than 3 per cent. of Henderson Group's issued share capital.

10. FINANCING ARRANGEMENTS AND REGULATORY CAPITAL

The consideration for the Proposed Acquisition will, subject to approval by Henderson Group Shareholders and to Admission, be satisfied by the issue of approximately 242.6 million New Henderson Group Shares. As at 31 December 2010, the Gartmore Group had gross debt of £246.5m and net debt of £49.5m. As at 31 December 2010, the Group had gross debt of £175.0m and net cash of £1.6m.

Henderson Group has entered into the Facilities Agreement that can, following the Effective Date, be used to meet the Combined Group's debt obligations, including any which might arise on the change of control of Gartmore, and for general corporate and working capital purposes. Henderson Group is considering, as part of ongoing balance sheet management, the refinancing of part of the facility under the Facilities Agreement through the debt capital markets.

For further information regarding the Facilities Agreement, please see Part V of this document.

Henderson Group intends to migrate the Gartmore Group's business on to the Group's operating platforms. Henderson Group expects pre-tax integration and deal costs in relation to the Proposed Acquisition to be approximately £70m. These costs are expected to occur during 2011 and will be funded from Henderson Group's existing resources.

Henderson Group anticipates that, following completion of the Proposed Acquisition, leverage of the Combined Group would be well within acceptable limits and consistent with maintaining the financial strength of the Combined Group.

The FSA has confirmed it is minded to grant an investment firm consolidation waiver to Henderson Group should the Proposed Acquisition be completed. The FSA has indicated that the period of the waiver will be five years from the expected Effective Date, that is, until 2016, subject to Henderson Group meeting any waiver conditions, which are currently expected to be standard in nature.

FSA consent is being sought for the change of control of the FSA regulated entities within the Gartmore Group. This process includes a review of the Combined Group's Internal Capital Adequacy Assessment Process and discussions on setting the level of interim Individual Capital Guidance for certain UK regulated entities of the Combined Group.

11. SETTLEMENT, LISTING AND DEALING

Application will be made to the UK Listing Authority for the New Henderson Group Shares to be admitted to the Official List with a premium listing and to the LSE for the New Henderson Group Shares to be admitted to trading on the LSE's main market for listed securities. The New Henderson Group Shares are expected to be issued on the Effective Date. It is expected that Admission will become effective, and that dealings for normal settlement in the New Henderson Group Shares will commence, on the Effective Date. The Effective Date is expected to be on 4 April 2011.

Application for quotation on the financial market operated by ASX will be made in respect of any New CDIs representing New Henderson Group Shares. It is expected that the New CDIs will be issued on the Effective Date. It is expected that Quotation will become effective, and that dealings for normal settlement in the New CDIs will commence, on the Business Day following the Effective Date.

12. FRACTIONAL ENTITLEMENTS

Fractions of New Henderson Group Shares will not be allotted or issued. Fractional entitlements to New Henderson Group Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to persons entitled thereto. However, individual entitlements to amounts of less than £5 will be retained for the benefit of Henderson Group.

13. CURRENT TRENDS IN TRADING AND PROSPECTS

13.1 Henderson Group

Henderson Group announced its consolidated results for the year ended 31 December 2010 on 23 February 2011. The Henderson Group 2010 Full Year Results Announcement is incorporated by reference into this document.

13.2 Gartmore

Gartmore announced its consolidated results for the year ended 31 December 2010 on 23 February 2011.

The Gartmore Group's AUM as at 31 December 2010 was £17.2bn split among its three product classes as follows:

- mutual funds: £11.1bn invested in 50 mutual funds for approximately 174,000 investor accounts;
- alternative funds: £2.1bn invested through 15 different hedge fund strategies and related managed accounts and in-house fund of funds for approximately 289 direct investors; and
- segregated mandates: £4.0bn invested through separate mandates for 33 clients.

Of the Gartmore Group's £17.2bn of AUM as at 31 December 2010, approximately 88 per cent. was invested in listed equities, with approximately 12 per cent. invested in other assets, including fixed income, private equity and managed futures funds. The Gartmore Group had, as at 7 January 2011, received notifications of redemptions totalling approximately £0.7bn of this £17.2bn of AUM, comprising £0.5bn from alternative funds (including £0.2bn for the January 2011 dealing day), £0.1bn from mutual funds and £0.1bn from segregated mandates. Therefore, the Gartmore Group's AUM (taking into account all notified redemptions as at 7 January 2011) as at 31 December 2010 was £16.5bn.

Since 31 December 2010, the Gartmore Group has experienced net outflows (net of notified redemptions) in January of £390m and in February (up to 18 February 2011) of £402m. However, since the year end markets have been positive, partially offsetting these outflows.

As at 31 December 2010, 60 per cent., 72 per cent. and 74 per cent. of the Gartmore Group's mutual fund AUM was invested in funds that have achieved first or second quartile performance over the last one, three and five years, respectively. As set out in Part IV(A) of this document, the Gartmore Group had net debt of £49.5m as at 31 December 2010, comprising gross debt of £246.5m and cash and cash equivalents of £197.0m. Seed capital investments as at 31 December 2010 were £9.2m.

14. RISK FACTORS

Investors should consider fully and carefully the risk factors associated with the Proposed Acquisition, the Group, the Combined Group and the Gartmore Group, which are set out in Part III of this document. In particular, the risks that:

- the Gartmore Group's revenues might decline materially prior to or following the Effective Date;
- the Group's revenues might decline materially following the Effective Date;
- cost savings expected to result from the Proposed Acquisition may not be achieved; and
- assumptions about integration may prove unrealistic, such as the retention of key Gartmore Group staff.

15. GENERAL MEETING AND RESOLUTION

A General Meeting is being convened at Crowne Plaza, Northwood Park, Santry Demesne, Santry at 8.15 am (Dublin time) and which will be simultaneously broadcast to the Wesley Conference Centre, 220 Pitt Street, Sydney at 7.15 pm (Sydney time) on 22 March 2011 to seek Henderson Group Shareholder approval for the Resolution. The Notice of General Meeting, which sets out the full text of the Resolution, is included at the end of this document.

As required by the Articles, the Resolution will be proposed as a special resolution and must be voted on by way of a poll. To be passed, the Resolution requires two-thirds of the votes to be cast in favour.

Implementation of the Proposed Acquisition is conditional upon the passing of the Resolution. The Resolution proposes that:

- the Proposed Acquisition is approved and the Directors are authorised to implement the Proposed Acquisition;
- the authorised share capital of Henderson Group is increased from 1,949,910,776 to 2,194,910,776 Henderson Group Shares by creating 245,000,000 Henderson Group Shares. This number of Henderson Group Shares represents an increase of approximately 12.6 per cent. of the authorised share capital of Henderson Group as at 25 February 2011, the latest practicable date prior to publication of this document and approximately 11.2 per cent. of the enlarged authorised share capital of Henderson Group. The purpose of this increase is to enable Henderson Group to allot the New Henderson Group Shares in connection with the Proposed Acquisition and to retain sufficient headroom for its purposes generally;
- the Directors are authorised to allot 245,000,000 Henderson Group Shares in connection with the Proposed Acquisition, representing approximately 29.3 per cent. of the issued share capital of Henderson Group as at 25 February 2011, the latest practicable date prior to the publication of this document. Henderson Group does not currently hold any Henderson Group Shares in treasury. This authority will expire on 31 May 2011 and is in addition to any existing authority to allot Henderson Group Shares; and
- Henderson Group is authorised for the purposes of ASX Listing Rule 7.1 to issue up to 245,000,000 Henderson Group Shares and CDIs in respect of such shares where such shares are issued pursuant to the Proposed Acquisition.

16. NUMBER OF ISSUED SHARES AND VOTING RIGHTS

As at 25 February 2011 (the latest practicable date prior to the publication of this document) Henderson Group's issued share capital consisted of 835,835,898 ordinary shares of 12.5 pence each, which carry one vote each, and the total voting rights in Henderson Group as at 25 February 2011 were 835,835,898.

17. ACTION TO BE TAKEN

A Form of Proxy or CDI Voting Instruction Form (as applicable) to be used in connection with the General Meeting accompanies this document. **Whether or not you intend to attend the General Meeting in person, you are requested to complete and return the Form of Proxy or CDI Voting Instruction Form in accordance with the instructions printed on it and in any event so as to arrive by the time and the date printed on the Form of Proxy or CDI Voting Instruction Form.**

18. FURTHER INFORMATION

The expected timetable of principal events for the Proposed Acquisition is set out on page 1 of this document. Your attention is drawn to the further information set out in Part V of this document. **Henderson Group Shareholders are advised to read the whole of this document and the information incorporated by reference referred to in paragraph 2 of Part V of this document and not merely rely on the summarised information set out in this letter.**

19. RECOMMENDATION TO HENDERSON GROUP SHAREHOLDERS

The Board has received financial advice from UBS and Ondra Partners in relation to the Proposed Acquisition. In providing its advice, each of UBS and Ondra Partners has relied upon the Board's commercial assessment of the Proposed Acquisition.

The Board considers the terms of the Proposed Acquisition and, as a consequence, the Resolution to be proposed at the General Meeting, to be in the best interests of Henderson Group Shareholders as a whole. Accordingly, the Board unanimously recommends that Henderson Group Shareholders vote in favour of the Resolution to be proposed at the General Meeting as the Directors intend to do in respect of their own beneficial holdings (representing approximately 0.55 per cent. of the existing issued ordinary share capital of Henderson Group as at 25 February 2011, the latest practicable date prior to publication of this document).

Yours sincerely,



Rupert Pennant-Rea
Chairman

UNDERSTANDING THE PROPOSED ACQUISITION

1. WHAT AM I BEING ASKED TO VOTE ON?

On 12 January 2011, the boards of directors of Henderson Group and Gartmore announced that they had agreed the terms of the Proposed Acquisition.

Completion of the Proposed Acquisition is conditional upon, among other things, the approval of Henderson Group Shareholders. This is required by the:

- Articles to increase the authorised share capital of Henderson Group and grant the Directors authority to allot the New Henderson Group Shares;
- Listing Rules, due to the size of Gartmore relative to that of Henderson Group; and
- ASX Listing Rules, given the expected aggregate number of New Henderson Group Shares to be issued. This is because under the ASX Listing Rules, without the approval of the Henderson Group Shareholders, Henderson Group must not issue or agree to issue new Henderson Group Shares representing more than 15 per cent. of its issued share capital within any 12-month period.

As a Henderson Group Shareholder, you are asked to vote on the Resolution.

2. WHAT IS THE MAIN REASON FOR THE PROPOSED ACQUISITION?

The Board believes that the Proposed Acquisition will reinforce the position of the Group as a diversified fund management group with product strength in traditional long-only and absolute return offerings.

3. WHAT ARE THE EXPECTED KEY BENEFITS OF THE PROPOSED ACQUISITION?

The expected key benefits of the Proposed Acquisition include that it:

- reinforces the Group's existing investment capabilities with the addition of many of the Gartmore Group's highly respected and highly rated portfolio managers;
- significantly enhances the Group's presence in UK retail asset management;
- increases the AUM in absolute return products to over \$6bn for the Combined Group (based on AUM as at 31 December 2010);
- expands and strengthens the product range, investment capabilities and distribution reach of the Group;
- complements the Group's and the Gartmore Group's existing investment processes and approach;
- is consistent with Henderson Group's higher margin growth strategy and adds product strengths that encompass traditional long-only and absolute return offerings in both institutional and retail segments, in particular, by combining the Gartmore Group's absolute return franchise with the Group's existing absolute return range;
- will benefit from Henderson Group's previous experience of integrating New Star;
- delivers certainty to Gartmore's Shareholders and the Gartmore Group's clients and employees; and
- provides significant economies of scale, enabling the Combined Group to extract cost efficiencies through the reduction of operational overlap.

4. WHAT ARE THE PRINCIPAL TERMS OF THE PROPOSED ACQUISITION?

Under the terms of the Proposed Acquisition Gartmore Shareholders will be entitled to receive New Henderson Group Shares on the following basis:

for each Gartmore Share

0.6667 of a New Henderson Group Share

In addition, the New Henderson Group Shares will rank for the 2010 Final Dividend if they are in issue on the payment date for such dividend. As announced on 23 February 2011, the Board has recommended a final dividend of 4.65 pence per Henderson Group Share to be payable on 27 May 2011 to Henderson Group Shareholders on the register on 6 May 2011, subject to the approval of Henderson Group Shareholders at the Henderson Group 2011 Annual General Meeting. Henderson Group has agreed that if the 2010 Final Dividend is paid before the Effective Date, it will compensate Gartmore Shareholders by making a cash payment of an amount equivalent to the 2010 Final Dividend for each New Henderson Group Share.

Based on the Closing Price of 161.6 pence per Henderson Group Share on 25 February 2011 (the latest practicable date prior to publication of this document), the Proposed Acquisition values each Gartmore Share at 107.7 pence and values the issued share capital of Gartmore at approximately £392.1m.

Assuming 242,639,403 New Henderson Group Shares are issued as consideration for the Proposed Acquisition, Gartmore Shareholders will hold approximately 22.5 per cent. of the enlarged share capital of Henderson Group on the Effective Date.

5. WHAT ARE THE MAIN CONDITIONS TO BE MET BEFORE THE PROPOSED ACQUISITION CAN BE COMPLETED?

The Proposed Acquisition is conditional on, among other things:

- the Scheme becoming unconditional and effective by no later than 31 May 2011 (or such later date as Henderson Group and Gartmore may agree and the Court may allow);
- the Scheme is conditional upon: (i) the approval of the Scheme by the Gartmore Shareholders; (ii) the sanction of the Scheme by the Court and the delivery of a copy of the Court Order to the Registrar of Companies in the Cayman Islands; and (iii) the approval of the Resolution by Henderson Group Shareholders;
- receipt of the Admission to Listing and Trading Acknowledgements by Henderson Group; and
- obtaining the necessary FSA consents, approvals and waivers and the approval of certain other regulatory authorities.

6. WHAT HAPPENS IF ANY OF THE CONDITIONS TO THE PROPOSED ACQUISITION ARE NOT MET?

The Proposed Acquisition may not proceed, in which case the New Henderson Group Shares will not be issued.

7. HOW IS THE PROPOSED ACQUISITION FINANCED?

The consideration for the Proposed Acquisition is to be satisfied by the issue of New Henderson Group Shares to Gartmore Shareholders. Under the terms of the Proposed Acquisition, Gartmore Shareholders will receive 0.6667 of a New Henderson Group Share for each Gartmore Share.

8. WHO IS GARTMORE?

The Gartmore Group is an established traditional equity and alternative asset management firm, whose mutual funds, alternative funds and segregated mandates are distributed to clients in the United Kingdom, Continental Europe, North America, Japan and South America. Headquartered in London, the Gartmore Group also has offices in Tokyo, Boston, Madrid and Frankfurt. Gartmore is incorporated, and has its registered office, in the Cayman Islands and Gartmore Shares have been listed on the Official List and admitted to trading on the LSE's main market for listed securities since 16 December 2009.

Over the last ten years, the Gartmore Group has built a significant alternative asset management business in terms of AUM. This is in addition to its long-standing long-only equities business, making the Gartmore Group one of the few asset management firms with significant expertise in both key market segments.

Gartmore reported consolidated Operating Earnings of £53.1m (2009: 53.1m) and consolidated profits before tax of £18.2m (2009: £46.2m) for the year ended 31 December 2010. Gartmore had consolidated net assets of £206.1m as at 31 December 2010 (2009: £184.2m). The Gartmore Group had AUM of £16.5bn as at 31 December 2010 (as stated in the Gartmore 2010 Preliminary Results Announcement and after taking into account notified redemptions as at 7 January 2011). Since 31 December 2010, the Gartmore Group has experienced net outflows (net of notified redemptions) in January of £390m and in February (up to 18 February 2011) of £402m. However, since the year end markets have been positive, partially offsetting these outflows.

VOTING INFORMATION FOR HOLDERS OF HENDERSON GROUP SHARES OTHER THAN CDI HOLDERS

1. WHO CAN VOTE AT THE MEETING?

Only those members entered on the register of members of Henderson Group at 6.00 pm (Dublin time) on 20 March 2011 or, if the General Meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, will be entitled to attend and vote at the meeting in respect of the number of Henderson Group Shares registered in their name at that time. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

2. HOW CAN YOU VOTE AT THE MEETING?

You may attend the meeting in person or appoint either one or more people as proxies (who need not be a shareholder of Henderson Group) to attend, speak and vote on your behalf. If you wish to appoint more than one proxy, please copy the enclosed Form of Proxy.

3. WHO CAN BE A PROXY?

You may appoint anyone as your proxy, including the Chairman. A proxy need not be a shareholder of Henderson Group.

4. WHAT HAPPENS IF YOU APPOINT MORE THAN ONE PROXY?

A member may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares. If you appoint more than one proxy, then on each Form of Proxy you must specify the number of shares for which each proxy is appointed. If you appoint more than one proxy, then on the Resolution each proxy will have one vote for every share to which their appointment relates. The vote on the Resolution will be taken by way of a poll as required by the Articles.

5. HOW DO YOU SUBMIT YOUR PROXY INSTRUCTIONS?

- **By internet** via the Henderson Group website at www.henderson.com/GM2011. To use this facility, you will need your unique PIN and your Shareholder Reference Number. These numbers are shown on your Form of Proxy, email bulletin or Notification of Availability. You will be taken to have signed the Form of Proxy if you lodge it in accordance with the instructions on the website; or
- **By mail** to the Henderson Group's share registry, using the enclosed reply-paid envelope or by posting it to: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or
- **By CREST message.** If you are a CREST system user (including a CREST personal member), you can submit proxy instructions by having an appropriate CREST message transmitted. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST manual. Henderson Group may be required to treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

6. WHAT IS THE LAST DATE FOR APPOINTING YOUR PROXY?

The last time for receipt of the Forms of Proxy sent by mail and proxy instructions submitted via the internet is 8.15 am (Dublin time) on 20 March 2011. If your proxy instructions (and any supporting documents) are not received by then, your proxy appointment will not be effective but you may still attend the meeting in person and vote.

7. WHAT IF A PROXY IS APPOINTED UNDER A POWER OF ATTORNEY OR OTHER AUTHORITY?

Proxy instructions given under authority on behalf of a holder of Henderson Group Shares must be submitted by mailing a Form of Proxy.

If the Form of Proxy is signed under a power of attorney or other authority on behalf of a shareholder, then the attorney must make sure that the original power of attorney or other authority, or a certified copy, is sent to Henderson Group's share registry so as to arrive no later than 8.15 am (Dublin time) on 20 March 2011 unless it has previously been lodged with Henderson Group's share registrars.

8. HOW DOES A HENDERSON GROUP SHAREHOLDER THAT IS A COMPANY EXECUTE THE FORM OF PROXY?

If the holder of Henderson Group Shares submitting proxy instructions is a UK company, then it must execute the Form of Proxy in one of the following ways:

- by having: (i) two directors; or (ii) a director and a secretary of the company; or (iii) a director (whose signature is witnessed) sign the Form of Proxy;
- if the company has one director who is also the company secretary of the company (or the company does not have a company secretary), by having that director sign it (whose signature is witnessed);
- by having a duly authorised officer or attorney sign the Form of Proxy (in which case the Henderson Group Shareholder must send with the Form of Proxy the original, or a certified copy, of the document authorising the attorney or representative); or
- if the company has a common seal, by affixing the common seal in accordance with the company's articles of association.

If the company is incorporated outside the UK, it will need to execute the Form of Proxy in accordance with the laws of the relevant jurisdiction of incorporation.

9. DOES A PROXY HAVE TO VOTE?

Your proxy can decide whether or not to attend the meeting and, if he or she attends, can decide whether or not to vote. Therefore, you should nominate someone you can trust. However, if a proxy attends the meeting and votes, a proxy should only vote following the voting directions given by the holder of Henderson Group Shares. If no voting directions are given, a proxy may decide whether to vote in favour, against or abstain on any item of business.

10. CAN A PROXY VOTE IN FAVOUR OR AGAINST, AS HE OR SHE WISHES?

If the holder of Henderson Group Shares appointing the proxy:

- directs the proxy how to vote on an item of business, then the proxy should only vote on that item of business in the way the holder of Henderson Group Shares directed; or
- does not direct the proxy how to vote on an item of business, then the proxy may vote as he or she thinks fit on that item.

The proxy will also have discretion to vote as he or she thinks fit on any other business that may properly come before the meeting, including amendments to the Resolution, and at any adjourned meeting.

11. HOW WILL THE CHAIRMAN VOTE AS PROXY IF HE HAS NOT BEEN DIRECTED HOW TO VOTE?

If a holder of Henderson Group Shares appoints the Chairman as proxy and does not direct the Chairman how to vote on an item of business, then, when the Chairman votes as proxy, he intends to vote in favour of the Resolution.

12. PERSONS NOMINATED TO RECEIVE INFORMATION RIGHTS

The proxy rights set out above do not apply to persons nominated by a shareholder to receive information rights pursuant to Article 80 of the Articles. Persons nominated to receive information rights under Article 80 that have been sent this notice of meeting are hereby informed that they may have the right under an agreement with the registered shareholder by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they do not have such a right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the registered shareholder as to the exercise of voting rights. Nominated persons should contact the registered shareholder who nominated them in respect of these arrangements.

VOTING INFORMATION FOR CDI HOLDERS

1. WHO CAN VOTE AT THE MEETING?

Only those CDI Holders entered on the register of CDI Holders of Henderson Group at 6.00 pm (Dublin time) on 20 March 2011 or, if this meeting is adjourned, on the register of CDI Holders 48 hours before the time of any adjourned meeting will be entitled to provide voting instructions to CDN in respect of the number of CDIs registered in their name at that time. Changes to entries on the register of CDI Holders after that time will be disregarded in determining the rights of any CDI Holders to provide voting instructions to CDN in regard to this meeting.

2. HOW CAN YOU EXERCISE YOUR VOTING RIGHTS?

You can exercise your voting rights by directing CDN how to vote on the resolution in respect of your CDIs. If instead you wish to attend the meeting (or you would like someone else to attend on your behalf), you can exercise your voting rights by submitting instructions to CDN to appoint you or your representative as proxy. Your representative can be the Chairman. You can direct your representative how to vote on the Resolution in respect of your CDIs at the meeting. The vote on the Resolution will be taken by way of a poll as required by the Articles. Each of your CDIs carries the right to give a voting instruction in respect of one vote where the Resolution is to be determined by way of a poll.

3. WHO CAN BE A PROXY?

You may instruct CDN to appoint yourself or any other person (including the Chairman) as its proxy in respect of your CDIs. A proxy need not be a shareholder of Henderson Group.

4. HOW DO YOU SUBMIT YOUR VOTING INSTRUCTIONS?

- **By internet** via the Henderson Group website at www.henderson.com/GM2011. To use this facility, you will need your Shareholder Reference Number, which is shown on your CDI Voting Instruction Form or Notification of Availability. You will be taken to have signed the CDI Voting Instruction Form if you lodge it in accordance with the instructions on the website; or
- **By mail** by sending the CDI Voting Instruction Form enclosed to the Henderson Group's share registry, using the enclosed reply-paid envelope or by posting it to Computershare Investor Services Pty Ltd, GPO Box 4578, Melbourne, Victoria 8060, Australia; or, in New Zealand, to Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand; or
- **By facsimile** by faxing the CDI Voting Instruction Form enclosed to 03 9473 2555 in Australia or 09 488 8787 in New Zealand.

5. WHAT IS THE LAST DATE FOR SUBMITTING YOUR VOTING INSTRUCTIONS?

If you are directing CDN to vote on your behalf, the latest time for receipt of CDI Voting Instruction Forms (and any necessary supporting documents) via post or by fax or voting instructions by internet, is 7.15 pm (Sydney time) on 17 March 2011.

If you are directing CDN to appoint you, the Chairman or someone else as proxy in relation to your CDIs, the latest time for receipt of CDI Voting Instructions (and any necessary supporting documents) via post or by fax, or voting instructions by internet, is 7.15 pm (Sydney time) on 20 March 2011.

6. WHAT IS THE DUE DATE FOR INSTRUCTING CDN TO APPOINT A PROXY ON YOUR BEHALF?

To instruct CDN to appoint a proxy, you will need to make sure that the Henderson Group share registry receives your completed CDI Voting Instruction Form (and any necessary supporting documents) by 7.15 pm (Sydney time) on 20 March 2011. If your CDI Voting Instruction Form (and any supporting documents) is not received by then, your proxy appointment will not be effective.

7. WHAT IF VOTING INSTRUCTIONS ARE SUBMITTED UNDER A POWER OF ATTORNEY OR OTHER AUTHORITY?

Voting instructions given under authority on behalf of a CDI Holder must be submitted by mailing or faxing the CDI Voting Instruction Form.

If the CDI Voting Instruction Form is signed under a power of attorney or other authority on behalf of a CDI Holder, then the attorney must make sure that the original power of attorney or other authority, or a certified copy, is sent to Henderson Group's share registry so as to arrive by the date specified on the form unless it has previously been lodged.

8. HOW DOES A CDI HOLDER THAT IS A COMPANY EXECUTE THE CDI VOTING INSTRUCTION FORM?

If the CDI Holder executing the CDI Voting Instruction Form is an Australian company, then it must execute a CDI Voting Instruction Form in one of the following ways:

- by having two directors or a director and a secretary of the company sign the CDI Voting Instruction Form;
- if the company has one director who is also the secretary of the company (or the company does not have a secretary), by having that director sign it;
- by having a duly authorised officer or attorney sign the CDI Voting Instruction Form (in which case the CDI Holder must send with the CDI Voting Instruction Form the original, or a certified copy, of the document authorising the attorney or representative); or
- if the company has a common seal, by affixing the common seal in accordance with the company's constitution.

If the company is incorporated outside Australia, it will need to execute the CDI Voting Instruction Form in accordance with the laws of the relevant jurisdiction of incorporation.

9. DOES A PROXY HAVE TO VOTE?

Your proxy can decide whether or not to attend the meeting and, if he or she attends, can decide whether or not to vote. Therefore, you should nominate someone you can trust. However, if a proxy attends the meeting and votes, a proxy should only vote following the voting directions given by the CDI Holder. If no voting directions are given, a proxy may decide whether to vote in favour, against or abstain on any item of business.

10. CAN A PROXY VOTE IN FAVOUR OR AGAINST, AS HE OR SHE WISHES?

If the CDI Voting Instruction Form:

- directs the proxy how to vote on an item of business, then the proxy should only vote on that item in the way the CDI Holder directed; or
- does not direct the proxy how to vote on an item of business, then the proxy may vote as he or she thinks fit on that item.

The proxy will also have discretion to vote as he or she thinks fit on any other business that may properly come before the meeting, including amendments to the Resolution, and at any adjourned meeting.

11. HOW WILL THE CHAIRMAN VOTE AS PROXY IF HE HAS NOT BEEN DIRECTED HOW TO VOTE?

If a CDI Holder instructs CDN to appoint the Chairman as proxy and does not direct the Chairman how to vote on an item of business, then, when the Chairman votes as proxy, he intends to vote in favour of the Resolution.

The following risk factors, which could adversely affect the business, results of operations, financial condition, turnover, profits, assets, share price and/or capital resources of Henderson Group, the Group, the Gartmore Group and/or the Combined Group should be carefully considered by Henderson Group Shareholders when deciding what action to take in relation to the Proposed Acquisition. You should read the whole of this document and not rely solely on the information set out in this Part III.

Additional risks and uncertainties currently unknown to Henderson Group, or which Henderson Group currently deems immaterial, may also have an adverse effect on the financial condition or business of the Group, the Gartmore Group and/or the Combined Group.

1. RISK FACTORS RELATING TO THE PROPOSED ACQUISITION

The following risk factors relate to the implementation of the Proposed Acquisition:

The Gartmore Group's revenues might decline materially prior to the Effective Date

It is possible that actual net management fee run-rate revenue and revenue from transaction and performance fees are lower than expected. The Directors believe that a significant factor behind the outflows from the Gartmore Group has been the perception of corporate uncertainty by investors. There can be no certainty that the Proposed Acquisition will reverse that perception and reduce the rate of outflows as expected.

The Gartmore Group's revenues might decline materially following the Effective Date

The benefits of the Proposed Acquisition for the Group will depend upon the level of net management fee run-rate revenue and revenue from transaction and performance fees retained by the Gartmore Group and the prospects for future growth in the Gartmore Group's business, together with Henderson Group's ability to manage costs in line with revenues maintained. Any significant withdrawal of assets by the Gartmore Group's clients following the Effective Date, over and above normal commercial flows, could lead to a substantial reduction in expected revenues as a result of the Proposed Acquisition, from which Henderson Group does not have any ongoing protection.

The Group's revenues might decline materially following the Effective Date

Existing clients of the Group might perceive the disruption caused to the Group's investment platform and investment culture by the integration of the Gartmore Group as detrimental to the performance of the funds in which they are invested. As a result, there is a risk that existing clients might withdraw their funds, reducing the Group's existing run-rate revenues.

Cost savings expected to result from the Proposed Acquisition may not be achieved

Statements of estimated cost savings arising from the Proposed Acquisition and one-off costs for achieving them relate to future actions and circumstances that, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings anticipated by the integration of the Gartmore Group and the Group may not be achieved, or those achieved could be materially different from those estimated and the one-off costs of achieving them could be higher than currently expected.

Assumptions about the integration of the Gartmore Group may prove to be unrealistic

Henderson Group has made a number of assumptions in its plan to integrate the Group and the Gartmore Group that have a bearing on the overall cohesiveness and culture of the Combined Group. Such assumptions include the retention of key Gartmore Group staff, the narrowing of cultural differences between the Group and the Gartmore Group and the mechanics involved in migrating the Gartmore Group's funds on to the Group's outsourced administration platforms. As these assumptions relate to future actions and circumstances that, by their nature, involve risks, uncertainties and other factors, the expected outcomes may prove to be unrealistic.

2. GENERAL RISK FACTORS RELATING TO THE GROUP, THE GARTMORE GROUP AND/OR THE COMBINED GROUP

Risks set out in this paragraph are relevant to the Group, the Combined Group and/or the Gartmore Group. Accordingly, references to risks that apply to the Group in this section should also be deemed to apply equally to the Combined Group and the Gartmore Group. In relation to foreign currency risk, management of that risk by the Group and the Gartmore Group differs as explained in the relevant risk factor below.

Price risk

Price risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group. Such a decline could be caused by an event such as a decline in the levels of international investment markets. Price risk has two principal components:

- a prolonged or significant reduction in value of available-for-sale financial assets held by the Group resulting in a loss recognised in the consolidated income statement; and
- a significant decline in value of AUM of the Group resulting in a significant reduction in the level of fees generated.

If such reduction or decline occurs, this could have a material adverse effect on the Group's financial condition, results of operations and prospects.

Foreign currency risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The Group's business is impacted through its exposure to non-pounds sterling income and expenses and assets and liabilities of non-UK subsidiaries as well as assets and liabilities denominated in currency other than pounds sterling. The currency exposure is managed by limiting the Group's net exposure to individual foreign currencies through the use of forward currency contracts. The Group also uses foreign currency contracts to eliminate the currency exposure on certain individual transactions. In addition, the Group carries a small foreign exchange position as principal to facilitate the smooth conduct of its client business.

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

If the Group is not able to sufficiently manage foreign currency risk, adverse movements in currency exchange rates could have a material adverse impact on the Group's financial condition, results of operations and prospects.

The Gartmore Group is exposed to foreign exchange risk, as a significant proportion of its net revenues are generated in foreign currency, predominantly being US dollars, euros and Japanese Yen (which in turn are generated from currency denominated AUM). This means that reported revenues are impacted by fluctuations in the exchange rates against sterling. Additionally, there are significant balance sheet items (including the Gartmore Group's long-term bank debt and surplus cash balances) which are denominated in foreign currency and retranslated at year end exchange rates, which can lead to foreign exchange gains or losses. Accordingly, fluctuations in exchange rates between these currencies and sterling have the potential to increase or decrease the Gartmore Group's profit by increasing or decreasing its reported revenue or reported expenses. Interest payable on the long-term bank debt acts as a mitigant to the foreign currency risk associated with revenue. The Gartmore Group has not entered into any hedging contracts in respect of its currency exposures. As a result the Gartmore Group's business is subject to the effects of exchange rate fluctuations with respect to any currency conversions and Gartmore's ability to hedge these risks and the cost of such hedging or its decision not to hedge could have a material adverse impact on the Gartmore Group's financial condition, results of operations and prospects.

Investment performance risk

The Group is exposed to investment performance risk. This is the risk that the investment performance of the Group's funds and other products (including those managed by third party sub-advisers) proves to be unsatisfactory, which may cause existing clients to decide to reduce or redeem their investments or transfer mandates to other asset managers. In addition, the Group may be unable to win new asset management business. The consequent reduction in AUM could have an adverse impact on the Group's profitability due to an overall reduction in management fees. Furthermore, many of the Group's performance fee arrangements are based on relative or absolute performance hurdles and, if investment performance is weak, then performance fees may be significantly lower. Performance fees are generally payable to the Group on an annual basis by its funds or clients. The performance hurdles are typically set by reference to the asset value of the fund or portfolio and sometimes have high-water marks. As a result, performance fees are subject to market volatility, which may lead to volatility in the Group's profitability.

Operational risk

Operational risk is the risk that the Group will sustain losses through inadequate or failed internal processes, people, systems and external events. If any of the following major operational risks occur, this could have a material adverse effect on the Group's financial condition, results of operations and prospects. The Group's major operational risks include:

(a) Client risk

Client risk is the risk of a breach of the Group's duty of care to its clients, which would normally be associated with a failure to adhere to the investment guidelines in a client's mandate.

(b) Outsourcing risk

The Group relies, through its outsourcing arrangements, on third party distributors and administrators and other providers of back office functions. Any interruption in the services or deterioration in their performance could impair the Group's business. Furthermore, if the contracts with any of these third party providers are terminated, the Group may not find alternative outsource service providers on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on the Group.

In relying on third party custodians, the Group is exposed to the risk that these custodians, or any sub-custodians, fail to comply with their legal and contractual obligations as a result of insolvency or otherwise. The Group is also reliant on third party custodians and sub-custodians having sufficient capacity and the technical ability to discharge their contractual obligations to the Group. Any failure by a custodian or sub-custodian to comply with its legal or contractual obligations could have a material adverse effect on the Group.

(c) Disasters risk

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, floods, extreme weather, power loss, telecommunication and IT failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters or other extreme events. These systems may also be subject to criminal damage, vandalism, theft and similar wrongdoing. This is also the case for third party providers on which the Group relies. The Group's core businesses have in place disaster recovery plans covering current business requirements, which have been tested and which the Group considers adequate. Suppliers of administration, custody and information technology services and other back office functions have confirmed they have disaster recovery and business continuity plans in place. However, if there is a disaster and if the disaster recovery plans are found to be inadequate there could be an adverse impact on the Group.

The effectiveness of the Group's financial controls and its ability to provide a high quality service to clients depends, in part, on the efficient and uninterrupted operation of its information systems, including its computer systems. There can be no assurance that these systems will function as designed. Any damage to, or failure of, its information systems could result in interruptions to, or deterioration in the quality of, the Group's financial controls and client service.

(d) Retention and loss of key management, investment professionals and distribution personnel

The loss of any member of the senior management team or one of the Group's principal investment professionals or distribution personnel may have a material adverse effect on the future growth of the business and its ability to implement its strategy effectively. In particular, if the Group loses any of its principal investment managers, there is a risk that it may subsequently experience outflows from its funds, lose client mandates and may fail to win new business.

The Group's continued success depends on its ability to attract, motivate and retain high quality investment managers and sales, marketing, support and other personnel. As a result, the Group's inability to attract, motivate and/or retain the necessary highly skilled personnel could have a material adverse effect on the Group.

(e) System risks

The Group's information technology systems are subject to continual development to ensure they remain capable of supporting the business volumes, the development of new products, improvements in processes and market and regulatory changes. Any disruption in the development of such systems, or difficulties at the implementation stage, may result in additional costs, lost revenues and may adversely affect the execution of the Group's strategy.

(f) Misconduct and mistake risk

Inadvertent mistakes or intentional misrepresentations, breaches of investment and operational guidelines, breaches of applicable laws or regulations by the Group's employees in the course of their duties or engagement in other improper acts might adversely affect the Group, leading to poor investment performance, reputational damage, regulatory action and financial costs, if systems put in place to prevent and/or mitigate these risks fail to detect or prevent such acts.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that Henderson Group will be unable to comply with its obligations as a company with securities admitted to the Official List or that the relevant members of the Group will be unable to comply with their obligations as supervised firms regulated by the FSA.

Reputational risk

The Group's reputation is one of its most important assets. Its relationships with institutional investors and other significant market participants are very important to its business, since it operates in an industry where integrity and the trust and confidence of clients are of critical importance. Negative publicity (whether or not justified) associated with the Group or any of its funds or products could result in a loss of clients and/or mandates. Damage to the Group's reputation as a result of these or other factors could have a material adverse effect on its business operations and/or financial condition.

Regulatory risk

The FSA is the Group's primary regulator and members of the Group are also subject to regulation in the various other jurisdictions in which they operate. Withdrawal or amendment of regulatory approval in respect of all or part of the business carried on by the Group or any of its funds or in respect of one or more individuals to perform their roles might result in a requirement for the Group to cease conducting a particular business, change the way in which it is conducted or allocate responsibility for that business to different individuals. The conduct of regulated activities by unauthorised persons could have a number of adverse consequences, including the possibility that agreements made in the course of such activities are rendered unenforceable.

Each of the Regulators has regulatory powers dealing with many aspects of financial services including, among other things, the authority to grant and, in specific circumstances, to vary or cancel permissions to carry on a particular business and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources.

If, despite internal measures implemented to ensure that each of the Group's regulated businesses dedicates adequate resources to compliance, responds to regulatory enquiries in an appropriate way and takes remedial action when required, a Regulator were to conclude that the Group was not in compliance with relevant regulation, such Regulator could initiate regulatory proceedings against the Group which could result in a public reprimand and/or fines or other regulatory sanctions. Such regulatory action could also result in adverse reputational risk, including negative publicity or perceptions regarding the Group, as well as diverting management's attention from the day-to-day management of the Group's business. A significant regulatory action against a member of the Group or a fund managed by any such member could also have a material adverse effect on the financial position of the Group.

Significant changes in the laws and regulations governing the Group's business or adverse outcomes of regulatory reviews of relevant members of the Group could reduce the services the Group is able to offer or the fees it is able to charge, or increase the costs of compliance with regulation, any of which could decrease the Group's revenues and profitability. In addition, a substantial adverse change in regulatory capital requirements could have a material adverse effect on the Group.

Litigation risk

The extent and complexity of the legal and regulatory environment in which the Group operates and the products and services it offers mean that many aspects of the Group's business involve substantial risks of liability. There have been an increasing number of incidents of litigation involving the financial services industry and any litigation brought in the future could have a material adverse effect on the Group. The Group's insurance policies may not necessarily cover claims that investors or others have brought or may bring against it or may not be adequate to protect it against all liability that may be imposed, which lack of cover or insufficiency could have a material adverse effect on its financial condition, results of operations and prospects.

Warranties and indemnities in relation to disposed businesses

In recent years, the Group has disposed of a number of businesses to third parties. Typically, sale agreements provide for warranties and indemnification for specified periods in relation to certain matters concerning the businesses that have been sold. While the Group has no knowledge that it has any actual liability under these warranty and indemnification arrangements, such a liability may arise and any such liability may be material, which could have a material adverse effect on the Group's business, operations and financial condition.

Taxation risk

Changes in tax legislation can affect investment behaviour, making investment generally, and specific kinds of investment products in particular, either more or less attractive. Amendments to existing legislation (particularly if there is a withdrawal of any available tax relief or an increase in tax rates) or the introduction of new rules may affect the decisions of either existing or potential clients. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation could all have a material adverse effect on the Group's financial condition and results of operations.

A corporate restructuring of the Group in 2008 was designed, among other things, to help protect the Group's tax position. However, the effectiveness of this structure is dependent on the application of current tax legislation in the UK, the Republic of Ireland and other jurisdictions. There can be no certainty that this structure will protect the tax position of the Group or that future changes in tax legislation will not reduce its effectiveness. As a result, the Group's tax position could change materially in the future and the effective tax rate in the future could be materially higher than the rate achieved by the Group in the past.

3. RISK FACTORS RELATING TO HENDERSON GROUP SHARES

The price of Henderson Group Shares may fluctuate as a result of a variety of factors including, but not limited to, the financial performance of the Group and/or the Combined Group; the operating and share price performance of other companies in the industry and market in which the Group and/or the Combined Group operate(s); speculation about the Group's and/or the Combined Group's business in the press, media or the investment community; the publication of research reports by analysts including estimates; and general market conditions. Henderson Group Shareholders should be aware that the value of Henderson Group Shares can go down as well as up and may not always reflect the underlying asset value or prospects of the Group and/or the Combined Group.

1. BASIS OF FINANCIAL INFORMATION

The consolidated financial statements of Gartmore for the years ended 31 December 2008, 2009 and 2010 are set out on the following pages.

The financial information set out on the following pages comprises consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended 31 December 2008, 31 December 2009 and 31 December 2010; consolidated statements of financial position as at 31 December 2008, 31 December 2009 and 31 December 2010; significant accounting policies and the notes to the consolidated financial statements.

The financial information has been extracted without material adjustment from the consolidated financial statements for the years ended 31 December 2008, 31 December 2009 and 31 December 2010. The financial statements for each of the three years were prepared in accordance with IFRS and applying consistent accounting policies. The audit reports for each of the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 were unqualified and are reproduced below. No material adjustments need to be made to Gartmore's consolidated financial statements for the years ended 31 December 2008, 31 December 2009 and 31 December 2010 as set out in the following pages to achieve consistency with the accounting policies adopted by Henderson Group.

1. References in this Part IV(A) only to "the Company", "the Group", "the Directors" and "the Board" are respectively to Gartmore, Gartmore Group, the directors and the board of directors of Gartmore from time to time. The definitions and terms set out in the Glossary at the end of Part IV(A) of this document apply throughout this Part IV(A) only.

2. AUDITORS' REPORTS IN RESPECT OF GARTMORE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Auditors' Report for the year ended 31 December 2010

"INDEPENDENT AUDITORS' REPORT TO GARTMORE GROUP LIMITED

We have audited the financial statements of Gartmore Group Limited for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is International Financial Reporting Standards (IFRSs) as adopted by the EU and as if applicable UK law applied to them. The financial reporting framework that has been applied in the preparation of the parent company financial statements is UK Accounting Standards (UK Generally Accepted Accounting Practice) and as if applicable UK law applied to them.

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare (in addition to that required to be prepared) as if the company were required to comply with the requirements of Schedule 8 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410).

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we have been engaged to state to them in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 49, the Directors are responsible for the preparation of the financial statements which are intended by them to give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2010 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006, as if those requirements were to apply.

Opinion on other matters under the terms of our engagement

In our opinion:

- the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as if those requirements were to apply to the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where:

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement on pages 30 to 37 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

KPMG Audit plc
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

22 February 2011"

2.2 Auditors' Report for the year ended 31 December 2009

"INDEPENDENT AUDITORS' REPORT TO GARTMORE GROUP LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of Gartmore Group Limited for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare (in addition to that required to be prepared) as if the Company were required to comply with the requirements of Schedule 8 to the United Kingdom Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410).

This report is made solely to the Company, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Company those matters we are engaged to state to them in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and as if applicable UK law applied to them and for preparing the parent company financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) and as if applicable UK law applied to them and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities on page 50.

Our responsibility is to audit the financial statements in accordance with the terms of our engagement letter and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the relevant financial reporting framework and whether the financial statements have been prepared, and the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the United Kingdom Companies Act 2006, as if those regulations were to apply.

In addition to our audit of the financial statements, the Directors have engaged us to review their Corporate Governance Statement as if the Company were required to comply with the Listing Rules of the United Kingdom Financial Services Authority in relation to those matters. We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review by those rules, and we report if it does not. We are not required by the terms of our engagement to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements give a true and fair view of the state of the parent company's affairs as at 31 December 2009;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the United Kingdom Companies Act 2006, as if those requirements were to apply; and

-
- the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to the United Kingdom Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as if those requirements were to apply.

KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

8 March 2010"

2.3 Auditors' Report for the year ended 31 December 2008²

"REPORT OF KPMG AUDIT PLC TO HELLMAN & FRIEDMAN ACQUISITION III LIMITED

We have audited the Group and Parent Company financial statements ("the financial statements") of Hellman & Friedman Acquisition III Limited for the year ended 31st December 2008 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Recognised Income and Expense and the related notes. These accounts have been prepared under the accounting policies set out therein.

Our report has been released to the Company on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by UK law, KPMG Audit Plc will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the Directors of Hellman & Friedman Acquisition III Limited have accepted responsibility for the preparation of these Group financial statements as if applicable UK law applied to them and in accordance with IFRS issued by the IASB and adopted by the EU, and for preparing the Parent Company financial statements as if applicable UK law applied to them and in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice or "UK GAAP").

Our responsibility is to audit the financial statements in accordance with the terms of our engagement letter dated 25th October 2007 and International Standards on Auditing (UK and Ireland).

Under the terms of engagement we are required to report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, as if those requirements were to apply. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the accounts and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS issued by the IASB and adopted by the EU, of the state of the Group's affairs as at 31st December 2008 and of its profit for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with UK GAAP, of the state of the Parent Company's affairs as at 31st December 2008; and
- the accounts have been properly prepared in accordance with the Companies Act 1985 as if those requirements were to apply.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
One Canada Square
London
E14 5AG

Date: 1st April 2009"

2. Please note that Hellman & Friedman Acquisition III Limited is now known as Gartmore Group Limited.

3. HISTORICAL FINANCIAL INFORMATION

3.1 Consolidated income statement for the three years ended 31 December 2008, 2009 and 2010

	Notes	2010 £m	2009 £m	2008 £m
Management fees		219.4	201.5	251.4
Performance fees		34.8	65.9	27.7
Other revenue	3	11.5	10.9	16.9
Total revenue	2	265.7	278.3	296.0
Fee and commission expenses		(57.0)	(54.6)	(53.9)
Net revenue		208.7	223.7	242.1
Other operating expenses	4	(156.7)	(170.6)	(153.8)
Share of after-tax profit of joint venture	15	1.1	–	–
Operating earnings		53.1	53.1	88.3
Exceptional property costs	9	(5.0)	–	–
Exceptional IPO costs	9	–	(2.5)	–
Intangible amortisation	14	(23.1)	(29.6)	(37.7)
Operating profit		25.0	21.0	50.6
Finance income	10	7.1	67.8	20.2
Finance expenses	10	(13.9)	(42.6)	(209.2)
Profit/(loss) before taxation		18.2	46.2	(138.4)
Taxation	11	(4.9)	1.4	(8.6)
Profit/(loss) for the period attributable to equity holders of the parent		13.3	47.6	(147.0)
Earnings/(loss) per share				
Basic (pence per share)	12	4.3p	25.6p	(81.7p) ¹
Diluted (pence per share)	12	4.2p	25.6p	(81.7p) ¹

Operating earnings, while not a GAAP measure, in the opinion of the Directors gives relevant information on the profitability of the Group and its ongoing operations.

¹ Basic and diluted earnings per share amounts for the year ended 31 December 2008 have been restated to reflect the bonus issue on 3 December 2009 – see Note 12.

3.2 Consolidated statement of comprehensive income for the three years ended 31 December 2008, 2009 and 2010

	Notes	Attributable to equity holders of the parent		
		2010 £m	2009 £m	2008 £m
Profit/(loss) for the period		13.3	47.6	(147.0)
Other comprehensive income:				
Exchange differences on translation of foreign operations	21	1.6	(2.1)	6.0
Loss on cash flow hedges		–	(0.5)	(4.5)
Reclassification of cash flow hedging amounts on maturity		–	5.6	1.9
Actuarial loss on post-retirement liability	26	(0.6)	(0.8)	(0.7)
Tax credit (charge) on other comprehensive income		0.2	(1.2)	1.6
Total other comprehensive income for the period, net of tax		1.2	1.0	4.3
Total comprehensive income/(expense) for the period		14.5	48.6	(142.7)

The information for 2008 included above was derived from the financial information contained in the consolidated financial statements for the year ended 31 December 2008, but was not presented in this format. The original form of this information as contained in the consolidated financial statements for 31 December 2008 is included in paragraph 3.4 below.

3.3 Consolidated statement of changes in equity for the three years ended 31 December 2008, 2009 and 2010

	Attributable to equity holders of the parent company							Total £m
	Share capital £m	Share premium £m	Own shares £m	Non- distributable reserve £m	Exchange reserve £m	Retained earnings £m	Cash flow hedge reserve £m	
At 1 January 2008	–	–	–	2.4	(0.2)	7.7	(2.5)	7.4
Loss for the period	–	–	–	–	–	(147.0)	–	(147.0)
Other comprehensive income/(expense) net of tax	–	–	–	–	6.0	(0.5)	(1.2)	4.3
At 31 December 2008 and at 1 January 2009	–	–	–	2.4	5.8	(139.8)	(3.7)	(135.3)
Profit for the period	–	–	–	–	–	47.6	–	47.6
Other comprehensive (expense)/income net of tax	–	–	–	–	(2.1)	(0.6)	3.7	1.0
Total comprehensive (expense)/income net of tax	–	–	–	–	(2.1)	47.0	3.7	48.6
Bonus share issue	0.9	–	–	–	–	(0.9)	–	–
Issue of share capital at IPO	0.6	279.4	–	–	–	–	–	280.0
Share issue costs charged to share premium	–	(9.1)	–	–	–	–	–	(9.1)
At 31 December 2009 and 1 January 2010	1.5	270.3	–	2.4	3.7	(93.7)	–	184.2
Profit for the period	–	–	–	–	–	13.3	–	13.3
Other comprehensive income/(expense) net of tax	–	–	–	–	1.6	(0.4)	–	1.2
Total comprehensive income net of tax	–	–	–	–	1.6	12.9	–	14.5
Adjustment to IPO costs credited to share premium	–	0.6	–	–	–	–	–	0.6
Share-based payments	–	–	–	8.4	–	–	–	8.4
Shares issued in period	0.3	–	–	–	–	–	–	0.3
Own shares acquired in period	–	–	(1.9)	–	–	–	–	(1.9)
At 31 December 2010	1.8	270.9	(1.9)	10.8	5.3	(80.8)	–	206.1

The above statement was not included in the consolidated financial statements for the year ended 31 December 2008, however the information contained within has been derived from these financial statements. The 2008 information in the original form shown above is included in the consolidated financial statements for the year ended 31 December 2009.

3.4 Consolidated statement of recognised income and expense for the year ended 31 December 2008

	Notes	2008 £m
Loss for the period		(147.0)
Actuarial losses on post-retirement liability net of taxation	21	(0.5)
Total charged to retained earnings for the period		(147.5)
Exchange differences on translation of foreign operations	21	6.0
Loss on cash flow hedges net of taxation	21	(1.2)
Other reserve movements		4.8
Income and expense recognised directly in equity		4.4
Total recognised income and expense for the period		(142.7)
Total attributable to equity holders of the parent		(142.7)

3.5 Consolidated statement of financial position at 31 December 2008, 2009 and 2010

	Notes	2010 £m	2009 £m	2008 £m
Assets				
Non-current assets				
Property, plant and equipment	13	2.1	2.6	4.2
Intangible assets	14	306.6	330.4	357.6
Investment in joint venture	15	2.6	–	–
Deferred tax asset	16	4.3	1.9	7.2
Trade and other receivables	17	–	7.4	5.0
Total non-current assets		315.6	342.3	374.0
Current assets				
Trade and other receivables	17	60.7	67.0	73.2
Investments	18	9.2	0.3	2.3
Cash and cash equivalents	19	197.1	173.7	219.7
Current tax		1.2	2.0	–
Total current assets		268.2	243.0	295.2
Total assets		583.8	585.3	669.2
Equity				
Issued share capital	20	1.8	1.5	–
Share premium	21	270.9	270.3	–
Own shares	21	(1.9)	–	–
Non-distributable reserve	21	10.8	2.4	2.4
Exchange reserve	21	5.3	3.7	5.8
Retained earnings	21	(80.8)	(93.7)	(139.8)
Cash flow hedge reserve	21	–	–	(3.7)
Total equity attributable to equity holders of the parent		206.1	184.2	(135.3)
Non-current liabilities				
Long-term borrowings	23	246.1	257.4	638.2
Trade and other payables	22	2.5	1.2	1.6
Provisions	24	1.0	6.2	4.4
Post-retirement liability	25	0.3	0.4	0.2
Deferred tax liability	16	18.0	25.2	33.6
Total non-current liabilities		267.9	290.4	678.0
Current liabilities				
Trade and other payables	22	104.4	108.2	116.3
Provisions	24	0.3	2.4	1.0
Derivatives	18	–	–	5.2
Current tax		5.1	0.1	4.0
Total current liabilities		109.8	110.7	126.5
Total liabilities		377.7	401.1	804.5
Total equity and liabilities		583.8	585.3	669.2

3.6 Consolidated statement of cash flows for the three years ended 31 December 2008, 2009 and 2010

	Notes	2010 £m	2009 £m	2008 £m
Cash flows from operating activities				
Profit/(loss) before taxation		18.2	46.2	(138.4)
Adjustments for:				
Finance income and expense	10	6.8	(25.2)	189.0
Depreciation on property, plant and equipment	4, 13	2.0	1.7	1.9
LTIP charge	7	8.4	–	–
Amortisation of intangible assets	14	23.1	29.6	37.7
Other gains/(losses)		1.6	(2.1)	1.2
Change in working capital		9.3	4.4	(30.7)
Cash generated from operations		69.4	54.6	60.7
Interest paid		(0.1)	(0.1)	(0.4)
Income tax paid		(8.6)	(10.2)	(20.3)
Net cash generated by operating activities		60.7	44.3	40.0
Cash flows from investing activities				
Payments for intangible assets	24	(0.4)	(0.1)	–
Payments for investments		(27.4)	(18.9)	(0.9)
Proceeds of sale of investments		18.8	19.8	0.9
Investment in joint venture	15	(1.5)	–	–
Interest received		0.4	1.1	8.0
Payments for property, plant and equipment	13	(1.4)	(0.2)	(1.2)
Acquisition of subsidiary undertaking		–	–	(2.6)
Net cash (used)/generated by investing activities		(11.5)	1.7	4.2
Cash flows from financing activities				
Proceeds from share issue		0.3	280.0	–
Repayment/purchase of borrowings	23	(13.1)	(323.6)	(15.2)
Interest paid on borrowings		(6.1)	(30.5)	(33.2)
Debt waiver fees paid		–	(2.0)	–
IPO expenses paid		(6.5)	(3.9)	–
Net cash used in financing activities		(25.4)	(80.0)	(48.4)
Net increase/(decrease) in cash and cash equivalents		23.8	(34.0)	(4.2)
Cash and cash equivalents at the beginning of the period		173.7	215.5	207.6
Effects of exchange rate changes on the balance of cash held in foreign currencies		(0.5)	(7.8)	12.1
Cash and cash equivalents at the end of the period	19	197.0	173.7	215.5

3.7 Notes to the consolidated financial statements for the three years ended 31 December 2008, 2009 and 2010

The following accounting policies have been extracted without material adjustment from Gartmore's consolidated financial statements for the year ended 31 December 2010 and are consistent to the accounting policies included in Gartmore's consolidated financial statements for the years ended 31 December 2009 and 31 December 2008.

1. Accounting policies

The consolidated financial statements for the Company comprise the Company and its subsidiaries (together referred to as "**the Group**").

i) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union and in accordance with the provisions of the UK Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

The financial statements are presented in millions of pounds Sterling rounded to one decimal point, except where otherwise indicated.

During the financial year, the Group implemented the following standards, which applied to the Group from 1 January 2010:

- IFRS 3 (revised) Business Combinations – the main impact is that any costs directly related to the acquisition of a subsidiary occurring after the date of implementation are expensed as incurred, rather than capitalised; and
- IAS 27 (revised) Consolidated and Separate Financial Statements – the main impact is that changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

These revised standards have had no significant impact on the Group during the year, and prior periods are not affected. A number of other new standards, interpretations and amendments to standards have been published that first apply from 1 January 2010. These have also not resulted in any material changes to the Group's accounting policies.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and has concluded that it is appropriate to adopt the going concern basis in preparing the financial statements of the Group.

ii) Basis of consolidation

The consolidated financial statements incorporate the Company, entities controlled by the Company (its subsidiaries) and its joint venture. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

iii) Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and, in the case of acquisitions prior to 1 January 2010, any costs directly attributable to the business combination.

iv) Foreign currencies

The functional currency of the Company is Sterling.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Foreign currency monetary balances at the reporting date are converted at the prevailing exchange rate at that date. Foreign currency non-monetary balances carried at fair value or cost are translated at the rates prevailing at the date when the fair value or cost is determined. Gains and losses arising on retranslation are taken to the consolidated income statement, except for cash flow hedges where the changes in fair value are recognised directly in equity and any exchange translation component of the change in fair value is also recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations whose functional currency is not Sterling are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the monthly average exchange rates for the accounting period. Exchange differences arising, if any, are taken to the exchange reserve and reported in the statement of comprehensive income.

v) Revenue recognition

Asset management fees and investment advisory fees generated from the Group's investment management activities are based upon AUM levels and are recognised in the income statement in the period in which the services are provided.

The Group earns performance fees from a number of clients and funds. Such fees may be a percentage of the return on the client's assets or of the amount by which the return on the client's assets exceeds defined benchmarks in a set period. Performance fees are recognised when the amount of the fee can be estimated reliably, which is when the performance period ends or when a client redeems their investment.

Carried interest on interests in private equity limited liability partnerships is recognised once the amount of the fee can be estimated reliably, which is when the performance period ends or, in the case of co-investment funds, when there is an asset realisation.

Initial charges levied by the Group on the sale of open-ended investment companies ("**OEIC**") shares are recognised in the income statement, net of any discounts and commissions due to third parties in respect of the sale, when the sale is finalised as this is when the service is provided. The service provided includes the provision of access to a basket of stocks, new client take-on services and transaction processing.

1. Accounting policies (continued)

vi) Fee and commission expenses

Fee and commission expenses payable to third party intermediaries are recognised over the period in which the service is provided. Fee and commission expenses are accounted for on an accruals basis.

vii) Depreciation

Depreciation is provided on bases calculated to write off the cost of property, plant and equipment over its expected useful life. In general, depreciation is charged on a straight line basis at the rates shown below:

Personal computer equipment	20% - 50%
Other computer equipment and software	25%
Motor vehicles	25%
Office furniture and equipment	20%

Depreciation on leasehold improvements is charged over the shorter of the remaining term of any lease and 10 years.

viii) Operating leases

Rental payments under operating leases are charged to the income statement on a straight line basis over the lease term.

ix) Employee benefit trusts

The Group has established employee benefit trusts to provide compensation to employees. The assets and liabilities of the trusts are recorded as the Group's own assets and liabilities. The contributions to the trusts are charged to the income statement when an award is made to employees.

x) Share-based payment

The Group issues equity-settled share-based payments to certain employees. This may be through a bonus or fee incentive deferral under the Deferred Bonus Plan or through the Group's Long Term Incentive Plan ("LTIP"). Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date and expensed, with a corresponding increase in equity. The fair value is spread over the period during which the employee becomes unconditionally entitled to the instruments, based upon the Group's estimate of the number of instruments that will ultimately vest.

xi) Interest income and expense

Interest income and expense are calculated using the effective interest rate basis.

xii) Debt issuance expenses

Directly attributable expenses incurred in the raising of debt are capitalised and amortised over the shorter of the expected term of the debt and the period to maturity.

xiii) Taxation

The Company, whilst incorporated in the Cayman Islands, is a UK resident company for tax purposes.

Current tax is the tax currently payable based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

xiv) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and, where applicable, impairment losses. Cost represents purchase cost, together with any directly attributable expenses of acquisition. Subsequent expenditure on property, plant and equipment is only capitalised when it is probable that there will be future economic benefit. All other expenditure is recognised as an expense in the income statement. Depreciation rates are shown in Note 1 (vii).

xv) Goodwill and intangible assets

Goodwill, arising on the acquisition of a subsidiary, represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently reviewed at each reporting date for evidence of impairment.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less any accumulated amortisation and any accumulated impairment losses.

The cost of acquired intangible assets is their fair value at the acquisition date and are amortised over their useful economic life. The specific methodology applying to each intangible asset is set out in Note 14.

1. Accounting policies (continued)

xvi) Impairment

The Group performs annual impairment reviews in respect of goodwill, or more frequently if there are indicators of impairment at an interim reporting date. The Group carries out impairment reviews in respect of other assets including depreciable intangible assets and property, plant and equipment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs to sell.

xvii) Joint ventures

Joint ventures are entities in which the Group has joint control through a contractual arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the Group's share of its joint ventures' post-acquisition profits or losses after tax is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Share of after tax profit of joint ventures is shown before finance income and expense, and as part of operating earnings, in the Group income statement as the Directors consider that the Group's interest in its joint venture (see Note 15) forms a component of the Group's operating activities.

xviii) Trade and other receivables

Trade and other receivables are initially recorded at fair value and subsequently at amortised cost less any impairment losses.

xix) Investments

Current asset investments are accounted for using trade date accounting. All current asset investments are initially recognised at fair value, being the consideration given including, where appropriate, acquisition charges associated with the investment. Current asset investments are classified as at Fair Value Through Profit or Loss ("FVTPL") and are measured at their fair value. All gains or losses, together with transaction costs, are recognised in the income statement.

xx) Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement in other revenue. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 18. Where the Group seeds investment for short periods of time, the investment is designated as FVTPL, as evaluation takes place on a fair value basis.

The stock of shares represents shares held in the Group's OEICs. They are classified as held for trading and are stated at fair value with any movement in fair value being recognised immediately in the income statement.

xxi) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits. Bank overdrafts that are repayable on demand are included in cash and cash equivalents for the purposes of the statement of cash flows.

xxii) Borrowings

Borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, borrowings are held at amortised cost with any difference between amortised cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

xxiii) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost.

xxiv) Provisions

A provision is recognised in the statement of financial position when there is a current obligation as a result of a past event and it is probable that a future outflow of economic benefits will be required to settle the obligation.

xxv) Derivative financial instruments

The Group from time to time enters into a small number of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and, for seed investments, equity market risk, including foreign exchange forward contracts, interest rate swaps and interest rate swaptions.

Derivative financial instruments are not held for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. If a derivative is not in a designated hedging relationship the resulting gain or loss is recognised in the income statement.

Any derivatives used to manage the Group's exposure to interest payments on its debt were classified as being in designated hedging relationships. The Group formally documents the relationship between the derivative and any hedged item, its risk management objectives, its strategy for undertaking the various hedging transactions and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flows of hedged items.

In relation to cash flow hedges to hedge forecast transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued the gain or loss on the hedging instrument recognised directly in equity is transferred to the income statement.

1. Accounting policies (continued)

xxvi) Pension costs

A defined benefit funded pension scheme was in place for the Group's employees until the scheme was closed to future accrual of benefit in 2006. Members of the scheme have now become deferred members. The assets of the pension scheme are held separately in trust.

Regular valuations are prepared by independent, professionally qualified actuaries. These determine the level of contributions required, if any, to fund the benefits set out in the rules of the scheme and allow for the periodic increase of pensions in payment.

A charge representing the expected increase in the liabilities of the retirement benefit scheme during the year is included within finance expenses. This arises from the liabilities of the scheme being closer to payment.

A credit representing the expected return on the assets of the retirement benefit scheme during the year is included within finance income. This is based on the market value of the assets of the scheme at the start of the financial year.

The gain or loss on any curtailment or settlement of the scheme is recognised in profit or loss.

As the scheme is closed to future accrual and any surplus is not recoverable, any surplus arising from the valuation of the scheme is not recognised as an asset.

Following the closure to future accrual of the Group defined benefit scheme a Group Personal Pension Plan has been established. This is a defined contribution scheme, contributions to which are charged within operating expenses as they fall due.

xxvii) Fiduciary services

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Such assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group. The Group holds money on behalf of some clients in accordance with the Client Money Rules of the FSA. Such monies and the corresponding amounts due to clients are not shown on the face of the balance sheet as the Group is not beneficially entitled thereto.

xxviii) Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made no significant judgments, apart from those involving estimations and assumptions, which are summarised below:

- *Impairment of intangible assets* – assumptions must be made of the market growth rates and expected margins in order to estimate the expected future cash flows of the operations concerned and a suitable discount rate must be chosen in order to calculate the present value of those cash flows.
- *Provisions* – by their nature, provisions often reflect significant levels of management judgment regarding both the timing of recognition and the measurement of the provision based on the facts and circumstances at the time of measurement.
- *Post-retirement commitments* – the costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuation is based on assumptions about discount rates, expected returns on scheme assets, future pension increases, inflation and mortality rates. Due to the long-term nature of these schemes, such estimates are subject to significant uncertainty.
- *Share-based payment* – the charge to the income statement is based on the number of shares that are expected to vest, which is, in turn, based on assumptions about the number of 'bad leavers' expected to leave before their awards vest.

xxix) Future changes in accounting policies

A number of new standards and interpretations have been issued with effective dates after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will materially impact the Group's financial statements in the period of initial application although there could be revised and additional disclosures. The Group plans to apply these standards, once endorsed, in the first reporting period that commences after the effective date.

Endorsed and available for early adoption

	Effective date
IAS 32 (revised) Classification of Rights Issues	1 February 2010
Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement	1 January 2011
Revised IAS 24 Related Party Disclosures	1 January 2011

Not yet endorsed

Improvements to IFRSs (Issued May 2010)	Various, mostly 1 January 2011
IFRS 9 Financial Instruments	1 January 2013

2. Segmental information

The Group is an investment manager, operating primarily in the UK with operations in Japan, United States and Continental Europe. The Group manages a broad range of investment products for institutional and retail investors, across multiple asset classes, including equities, fixed income and private equity.

All the Group's investment management activity and operational services are centralised, as evidenced by the side-by-side investment management processes, and the centralised common infrastructure means that operating costs are not and cannot meaningfully be allocated to constituent parts of the investment management business. The chief operating decision-maker of the Group is the Executive Committee, the members of which have Group-wide functional, rather than product-related, responsibilities. As a result, resources are allocated and performance is assessed by the Executive Committee on the basis of the investment management business as a whole.

The management information provided to the chief operating decision-maker and the process of how the Group's economic resources and income/expense are currently managed has been reviewed. The Group operates as a single-segment investment management business.

	2010 £m	2009 £m	2008 £m
Revenue by product and services			
Management and performance fees			
Alternative funds	84.4	106.6	105.5
Mutual funds	151.2	135.7	144.4
Segregated mandates	18.6	25.1	29.2
	254.2	267.4	279.1
Other revenue			
Mutual funds	11.0	10.8	10.8
Other	0.5	0.1	6.1
	11.5	10.9	16.9
Total revenue	265.7	278.3	296.0
UK	257.3	271.0	285.2
Overseas	8.4	7.3	10.8
Total revenue	265.7	278.3	296.0

The net revenue information above is based on the location of the customer.

	2010 £m	2009 £m	2008 £m
Non-current assets by geographical area			
UK	311.0	332.7	361.3
Overseas	0.3	0.3	0.5
	311.3	333.0	361.8
Total of analysed non-current assets	311.3	333.0	361.8
Deferred tax	4.3	1.9	7.2
Financial instruments	–	7.4	5.0
Total non-current assets	315.6	342.3	374.0

The above tables were not included in the consolidated financial statements for the year ended 31 December 2008. The 2008 information shown above was included in this original form in the consolidated financial statements for the year ended 31 December 2009.

3. Other revenue

	2010 £m	2009 £m	2008 £m
Foreign exchange and other investment gain/(loss)	0.5	(0.9)	4.3
OEIC administration fees	9.8	10.8	10.9
Other fee revenue	1.2	1.0	1.7
Total other revenue	11.5	10.9	16.9

4. Other operating expenses

	2010 £m	2009 £m	2008 £m
Depreciation of owned assets (see Note 13)	2.0	1.7	1.9
Rentals payable under operating leases	5.2	4.6	4.4
Recurring staff costs (see Note 7)	98.7	116.8	98.1
Auditors' remuneration (see Note 6)	0.9	1.0	0.7
Other expenses	52.7	46.5	48.7
Ongoing other operating expenses	159.5	170.6	153.8
One-off dilapidations provisions release	(2.8)	–	–
Total other operating expenses	156.7	170.6	153.8

Following a recent survey of the dilapidations cost relating to Gartmore House, the Group's head office, a one-off release of £2.8m was made to the income statement, through other operating expenses, as the expected cost is now significantly below the provision carried at 31 December 2009.

5. Disclosure of Directors' emoluments

	2010 £m	2009 £m	2008 £m
Directors' emoluments	3.0	2.4	–

6. Auditors' remuneration

	2010 £m	2009 £m	2008 £m
Fees paid to auditors in respect of:			
Audit of Group and Parent Company	0.2	0.1	0.1
Audit of subsidiaries	0.5	0.4	0.4
Total audit fees	0.7	0.5	0.5
Other services pursuant to legislation ⁽¹⁾	0.1	0.7	0.1
Services related to corporate finance transactions ⁽¹⁾	–	0.5	–
Tax services	0.1	0.4	–
Other services	–	–	0.1
Total non-audit fees	0.2	1.6	0.2
Total fees payable to auditors	0.9	2.1	0.7
Less: non-audit fees charged to share premium (see Note 21)	–	(1.1)	–
	0.9	1.0	0.7

⁽¹⁾The fees accrued in the year ended 31 December 2009 for "Other services pursuant to legislation" and "Services related to corporate finance transactions" comprise respectively of work required by the Listing Rules as part of the IPO, and other services provided by the auditors as part of the IPO.

7. Staff Costs

	2010 £m	2009 £m	2008 £m
Wages, salaries and other	73.5	101.7	81.9
Share-based payments (Note 8)	10.0	–	–
Social security costs	10.5	12.6	9.1
Pension costs	2.7	2.6	2.9
Redundancy costs	2.0	1.0	4.2
Total staff costs	98.7	117.9	98.1
Staff costs (including the associated social security costs) are further analysed below:			
Salaries and pensions	34.9	34.8	38.2
Variable remuneration (including performance related bonus)	53.3	80.9	55.4
LTIP	8.4	–	–
Redundancy costs	2.1	1.1	4.5
Recurring staff costs	98.7	116.8	98.1
Exceptional IPO costs (see Note 9)	–	1.1	–
Total staff costs	98.7	117.9	98.1

The average number of persons employed by the Group during the year was 340 (2009: 361, 2008: 417). All were employed in the investment management business.

The pension cost in the year to 31 December 2010 does not include an actuarial loss on the post-retirement liability (net of taxation) taken to the SOCI amounting to £0.4m (2009: £0.6m, 2008: £0.5m).

Information regarding Directors' emoluments is given in Note 5.

8. Share-based payments

Awards are made to senior management and key staff. During the year the Company made two LTIP awards and a series of deferred bonus awards under the terms of the Gartmore Group Limited Omnibus Incentive Plan. Under the Deferred Bonus Plan, restricted shares are granted as part of the deferred element of incentive compensation. The awards are subject to rateable vesting with the charge to the income statement spread accordingly.

All share-based payment plans are settled in the Company's equity. The total amount taken to the income statement in respect of share-based payments in the year to 31 December 2010 is disclosed in Note 7.

The term of grants made during the year are as follows:

	LTIP awards On 16 June 2010	LTIP awards On 19 November 2010	Deferred bonus and fee incentive awards
Restricted shares	9,319,273	47,450,000	1,432,931
Nil cost options	73,831	–	–
Fair market value per share (p)	116.0	112.1	Average 113.0
Service conditions	50% 31 March 2012 25% 31 March 2013 25% 31 March 2014	1/3 on 19 November 2011 1/3 on 19 November 2012 1/3 on 19 November 2013	1/3 on the first, second and third anniversary of grant
Vesting for good leavers	Accelerated vesting on death, disability, redundancy and on resignation as a result of a reduction in status, duties or remuneration following a change of control. Continues to vest on original schedule if employment terminated without cause.		
Retirement option	No	No	Yes
Vesting for bad leavers	Forfeiture	Forfeiture	Forfeiture
Performance conditions	50% of the award (and up to 100% in the case of senior management) is subject to the discretion of the Remuneration Committee at the date of vesting.	Vesting dependent on the employee's conduct during the strategic review process up and until the earlier of the 31 March 2011 and a change of control of the Company.	None

8. Share-based payments (continued)

Restricted shares have full dividend and voting rights whereas the nil cost options do not.

The fair value of the nil cost options at date of grant is considered to be based on the share price at date of grant, since the exercise price is zero and there are no performance conditions. No option pricing model is therefore required to determine the fair value. The fair value of the restricted shares and the nil cost options are therefore measured on the basis of observable market data, being the Company share price at date of grant.

At 31 December 2010, the Directors expected all of the share awards granted to vest.

New shares were issued by the Company to the Gartmore Employee Benefit Trust ("EBT") to satisfy the LTIP awards. Additional shares to fund the deferred bonus awards were obtained by the EBT through market purchase using cash contributions from the Company.

The share-based payment charge for the period included within variable remuneration in Note 7 was £2.7m.

The awards are granted on condition that the employee remains with the Group during the vesting period.

The Gartmore Group Limited Omnibus Incentive Plan was not in place at 31 December 2009 and 2008.

9. Exceptional costs

Exceptional property costs of £5.0m in 2010 relate to the current head office, Gartmore House, which is expected to be vacated in 2011. The exceptional accounting charge reflects the rent payable on the Gartmore House lease from the expected point of vacation until the end of the lease in September 2012.

Exceptional IPO costs of £2.5m in 2009 related to the Company's IPO in December 2009. £1.1m of these costs were staff-related, as identified in Note 7 above. The remaining £1.4m related to other non-recurring advisory and marketing costs relating to the IPO that were not chargeable against share premium (see Note 21).

10. Finance income and expenses

	2010 £m	2009 £m	2008 £m
Finance income			
Interest income	0.5	1.1	7.9
Interest receivable on cash flow hedge reclassified from equity	–	–	0.5
Exchange movement on debt (Note 23)	1.1	59.7	–
Expected return on pension assets (Note 26)	5.5	4.7	5.3
Exchange movement on cash	–	–	6.5
Gain on repurchase of own debt (Note 23)	–	2.3	–
	7.1	67.8	20.2
Finance expenses			
Interest expense	(6.1)	(18.4)	(33.3)
Interest payable on cash flow hedge reclassified from equity	–	(5.6)	(2.4)
Exchange movement on debt (Note 23)	–	–	(165.8)
Interest on pension obligation (Note 26)	(4.9)	(3.9)	(4.6)
Exchange movement on cash	(0.5)	(7.8)	–
Amortisation of debt issuance expenses (Note 23)	(1.2)	(4.4)	(2.6)
Other finance expenses	(1.2)	(2.5)	(0.5)
	(13.9)	(42.6)	(209.2)

11. Taxation

The Company, whilst incorporated in the Cayman Islands, is a UK resident company for tax purposes.

	2010 £m	2009 £m	2008 £m
a) Tax charge/(credit) for the period			
Current taxation			
UK corporation tax at 28% (2009: 28%, 2008: 28.5%)			
Current period	11.2	(0.6)	9.4
Prior period	(0.1)	0.2	(1.5)
Overseas taxation			
Current period	3.7	3.1	5.2
Prior period	(0.5)	0.2	0.2
	14.3	2.9	13.3
Deferred taxation			
Origination and reversal of timing differences (Note 16)	(9.4)	(4.3)	(4.7)
Total tax charge/(credit)	4.9	(1.4)	8.6

The tax charge in the period is lower (2009: lower, 2008: higher) than the standard rate of corporation tax in the UK and the differences are explained below:

	2010 £m	2009 £m	2008 £m
b) Factors affecting tax charge/(credit) for the period			
Profit/(loss) before taxation	18.2	46.2	(138.4)
Taxation at the standard corporation tax rate 28% (2009: 28%, 2008: 28.5%)	5.1	12.9	(39.4)
Permanent differences	(0.2)	(15.6)	48.1
Tax rate change to deferred tax balances (note 16)	(0.6)	–	–
Adjustment to tax charge in respect of prior periods	(0.6)	0.4	(1.3)
Overseas tax at higher rates than UK	1.2	0.9	1.2
Total tax charge/(credit)	4.9	(1.4)	8.6

£0.3m of the permanent differences results from the non-taxable gain on re-translation of the long-term borrowings (2009: gain on re-translation £16.7m, 2008: loss on re-translation £47.3m).

From 1 April 2011, the standard UK corporation tax rate will decrease to 27% from the current rate of 28%. A £0.6m credit has been taken to the income statement in the year ended 31 December 2010 to reflect the measurement of deferred tax at the lower rate.

Subsidiaries of the Group have unused tax losses for which no deferred tax asset has been recognised in the statement of financial position amounting to £4.2m (2009: £4.7m, 2008: £0.6m). The earliest date for expiry of these tax losses is 2022.

12. Earnings/(loss) per share

The calculations of earnings/(loss) per share are based on the following profits and numbers of shares.

Basic earnings/(loss) per share amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders by the weighted average number of Ordinary Shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders by the weighted average number of Ordinary Shares outstanding during that year plus the weighted average number of Ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares.

The weighted average number of Ordinary Shares used to calculate basic and diluted earnings/(loss) per share was adjusted to reflect the cancellation of 100 Ordinary shares of \$1 each and the bonus issue of 180,000,000 Ordinary Shares of £0.005 each on 3 December 2009. Details of changes in share capital during the year are discussed in Note 20 below.

The weighted average number of Ordinary Shares used to calculate basic and diluted earnings/(loss) per share in 2010 can be reconciled as follows:

12. Earnings/(loss) per share (continued)

	Total number ('000)	Weighted average ('000)
Number of shares at 1 January 2010	307,273	307,273
Issue of shares to employee benefit trust	56,668	10,616
Number of shares at 31 December 2010	363,941	317,889
Less: shares owned by employee trusts	(58,414)	(11,316)
Basic number of shares	305,527	306,573
Share awards under incentive schemes	57,346	11,149
Employee share options	73	40
Number of dilutive shares	362,946	317,762

Underlying cash earnings/(loss) per share figures are calculated based on underlying cash earnings, adjusting the profit or loss for the year to exclude exchange movements on financing, exceptional items, intangible asset amortisation, defined benefit pension items, and other non-cash and one-time items. The purpose of providing the underlying earnings/(loss) is to allow readers of the financial statements to clearly consider trends in the underlying results excluding the impact of non-cash items.

	IAS 33			Underlying cash earnings basis		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Basic and diluted earnings/(loss) per share						
Profit/(loss) for the financial year	13.3	47.6	(147.0)	13.3	47.6	(147.0)
Adjusting items, net of attributable taxation						
Amortisation of intangible assets				16.7	21.3	27.0
One-off dilapidations release				(2.0)	–	–
Costs of strategic review				1.7	–	–
Exceptional property costs (Note 9)				3.6	–	–
Exceptional IPO costs (Note 9)				–	–	2.1
Long-term incentive plan				6.1	–	–
Foreign exchange				–	–	–
- exchange movement on debt (Note 10)				(1.1)	(59.7)	165.8
- exchange movement on cash (Note 10)				0.4	5.6	(4.7)
Pension costs (Note 26)				(0.4)	(0.6)	(0.5)
Amortisation of debt issuance expenses (Note 10)				0.9	3.2	1.9
Profit for the financial year – underlying cash earnings basis				39.2	19.5	42.5
Weighted average number of shares (000's)						
Basic	306,573	185,579	180,000	306,573	185,579	180,000
Diluted	317,762	185,579	180,000	317,762	185,579	180,000
Earnings per share (pence per share)						
Basic	4.3p	25.6p	(81.7p)	12.8p	10.5p	23.6p
Diluted	4.2p	25.6p	(81.7p)	12.3p	10.5p	23.6p

The information for 2008 included above was not contained in the consolidated financial statements for the year ended 31 December 2008. The basic and diluted earnings per share calculation for the year ended 31 December 2008 was £1,470,170. This has been restated in the consolidated financial statements for 2009 and 2010 to reflect the bonus issue on 3 December 2009.

13. Property, plant and equipment

2010	Leasehold improvements £m	Computer equipment and software £m	Furniture, equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2010	3.1	4.2	1.5	8.8
Exchange movement on foreign subsidiaries	0.1	–	0.1	0.2
Additions	–	1.4	–	1.4
Disposals	–	(0.2)	–	(0.2)
At 31 December 2010	3.2	5.4	1.6	10.2
Depreciation				
At 1 January 2010	(2.2)	(3.2)	(0.8)	(6.2)
Exchange movement on foreign subsidiaries	(0.1)	–	–	(0.1)
Charge for the period	(0.7)	(0.9)	(0.4)	(2.0)
Disposals	–	0.2	–	0.2
At 31 December 2010	(3.0)	(3.9)	(1.2)	(8.1)
Net book value				
At 31 December 2010	0.2	1.5	0.4	2.1

2009	Leasehold improvements £m	Computer equipment and software £m	Furniture, equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2009	2.9	4.0	1.9	8.8
Exchange movement on foreign subsidiaries	(0.1)	–	(0.1)	(0.2)
Additions	0.1	0.1	–	0.2
Reclassification	0.2	0.1	(0.3)	–
At 31 December 2009	3.1	4.2	1.5	8.8
Depreciation				
At 1 January 2009	(1.5)	(2.3)	(0.8)	(4.6)
Exchange movement on foreign subsidiaries	(0.2)	(0.1)	0.4	0.1
Charge for the period	(0.5)	(0.8)	(0.4)	(1.7)
At 31 December 2009	(2.2)	(3.2)	(0.8)	(6.2)
Net book value				
At 31 December 2009	0.9	1.0	0.7	2.6

13. Property, plant and equipment (continued)

	Leasehold improvements £m	Computer equipment and software £m	Furniture, equipment and motor vehicles £m	Total £m
2008				
Cost				
At 1 January 2008	2.6	3.4	1.3	7.3
Exchange movement on foreign subsidiaries	0.3	–	0.2	0.5
Additions	–	0.7	0.5	1.2
Disposals	–	(0.1)	(0.1)	(0.2)
At 31 December 2008	2.9	4.0	1.9	8.8
Depreciation				
At 1 January 2008	(0.7)	(1.3)	(0.4)	(2.4)
Exchange movement on foreign subsidiaries	(0.2)	–	(0.1)	(0.3)
Charge for the period	(0.6)	(1.0)	(0.3)	(1.9)
Disposals	–	–	–	–
At 31 December 2008	(1.5)	(2.3)	(0.8)	(4.6)
Net book value				
At 31 December 2008	1.4	1.7	1.1	4.2

At 31 December 2010 £1.9m by net book value (2009: £2.3m, 2008: £3.8m) of property, plant and equipment had been pledged as security for liabilities.

14. Intangible assets

	2010 £m	2009 £m	2008 £m
Net carrying values of intangible assets			
Goodwill arising on acquisition of GIML	240.9	240.9	240.4
Investment management contracts and trade name arising on acquisition of GIML	65.3	87.9	117.2
Investment management contracts arising on acquisition of Corporate Bond Fund	0.4	1.6	–
Total intangible assets at end of period	306.6	330.4	357.6

The Group has determined that it has a single cash generating unit for the purpose of assessing the carrying value of goodwill, that of investment management.

Following the Company's admission to listing on the Official List and to trading on the Main Market of the London Stock Exchange in December 2009, the recoverable amount of goodwill on the acquisition of GIML has been assessed by reference to the enterprise value of the Group, being the market capitalisation plus net debt, taking into account the net assets of the Company. GIML holds the operating entities in the Group which represent the value in the Company's market capitalisation.

Following the announcement by the Company on 8 November 2010 of its strategic review, offers for the Company were invited which subsequently led to a conditional offer from Henderson Group plc for the entire issued share capital of the Company which was unanimously recommended by the Directors. The terms of this proposal continue to value the Company significantly in excess of the carrying value of the combined value of the goodwill and intangible assets arising on acquisition. The Directors are satisfied that the recoverable amount of goodwill is not less than the amount at which it is stated.

	2010 £m	2009 £m	2008 £m
Goodwill arising on acquisition of GIML			
Cost			
At start of period	240.9	240.4	240.4
Addition in period	–	0.5	–
At end of period	240.9	240.9	240.4

The £0.5m addition to goodwill in 2009 arose as a result of a payment due under the tax indemnity provisions of the sale and purchase agreement for GIML.

14. Intangible assets (continued)

Investment management contracts and trade name arising on acquisition of GIML

	2010		
	Investment management contracts £m	Trade name £m	Total £m
Cost			
At start and end of period	190.4	23.7	214.1
Amortisation			
At start of period	(113.4)	(12.8)	(126.2)
Amortisation charge for the period	(19.6)	(3.0)	(22.6)
At end of period	(133.0)	(15.8)	(148.8)
Net book value at end of period	57.4	7.9	65.3
	2009		
	Investment management contracts £m	Trade name £m	Total £m
Cost			
At start and end of period	190.4	23.7	214.1
Amortisation			
At start of period	(87.5)	(9.4)	(96.9)
Amortisation charge for the period	(25.9)	(3.4)	(29.3)
At end of period	(113.4)	(12.8)	(126.2)
Net book value at end of period	77.0	10.9	87.9
	2008		
	Investment management contracts £m	Trade name £m	Total £m
Cost			
At start and end of period	190.4	23.7	214.1
Amortisation			
At start of period	(53.7)	(5.5)	(59.2)
Amortisation charge for the period	(33.8)	(3.9)	(37.7)
At end of period	(87.5)	(9.4)	(96.9)
Net book value at end of period	102.9	14.3	117.2

The intangible asset relating to the valuation of the investment management contracts is being amortised on a sum of digits basis over the expected average life of the acquired AUM, which have a range of 3 to 15 years depending on the type of contract. The Directors consider these to be appropriate periods. The intangible asset relating to the valuation of the trade name is being amortised on a sum of digits basis over 10 years.

Where there is evidence of impairment, for example if AUM falls during the year, as was the case in the year to 31 December 2010 following fund redemptions in the year, then an impairment test is carried out. For the purposes of the impairment test carried out at 31 December 2010, the recoverable amount of the investment contracts was determined by value in use calculations, using cash flow projections based upon the revenues generated on those investment contracts that were in place at the time of acquisition and remained in place at the reporting date.

The result of the exercise indicates a total value in use exceeding the carrying value of investment management contracts and trade name, and therefore no impairment is considered to have occurred.

Corporate Bond Fund investment management contract

In July 2009, the Group entered into a co-operation agreement with Rensburg Fund Management Ltd ("Rensburg"). Under this agreement, the management of the Rensburg Corporate Bond Trust (a UK Authorised Unit Trust) was transferred to the Group and the fund was converted into a sub-fund of the Gartmore OEIC Series II. Under the agreement, the Group agreed to pay consideration

14. Intangible assets (continued)

to Rensburg related to the size of the fund over a period of three years. The amount initially capitalised as an intangible asset was the estimated consideration payable to Rensburg (including costs) of £1.9m. The cost is being amortised over three years being the period over which the benefits from the transferred fund are expected to be realised.

The consideration, which is contingent upon fund flows during the three year periods, was re-assessed in 2010, resulting in a reduction of £0.7m in the cost of the intangible asset, and a corresponding adjustment in the related provision (see Note 24).

	2010 £m	2009 £m	2008 £m
Cost			
At start of period	1.9	–	–
Addition in period	–	1.9	–
Re-assessment of contingent consideration	(0.7)	–	–
At end of period	1.2	1.9	–
Amortisation			
At start of period	(0.3)	–	–
Amortisation charge for the period	(0.5)	(0.3)	–
At end of period	(0.8)	(0.3)	–
Net book value at end of period	0.4	1.6	–

15. Investment in joint venture

On 1 April 2010 the Group completed a joint venture with Hermes Fund Managers Limited (“Hermes”) to combine their respective private equity fund of fund businesses into a new vehicle called Hermes GPE LLP (“HGPE”). The Group invested £1.5m of working capital into the new venture along with existing contracts and staff.

Hermes and Gartmore each hold 49.26% of the voting rights of HGPE, and 1.48% is held by management.

Profit earned by HGPE is apportioned between Hermes and Gartmore based on revenue. The proportion is calculated by allocating revenue earned from clients depending on which entity transferred the client to Hermes GPE. Any revenue earned by HGPE on contracts with new clients entered into after 1 April 2010 is apportioned equally between Hermes and Gartmore. In the period 31 December 2010, no partnership profits were distributed by HGPE.

Movement in the Group's investment in the joint venture during the period to 31 December 2010 was as follows:

	2010 £m
Investment in joint venture on 1 April 2010	1.5
Share of after-tax profit in the period	1.1
At 31 December 2010	2.6

Other than transactions associated with the information set out above, since its formation, HGPE has recharged £0.1m to the Group, relating to the period prior to formation.

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities recognised by the Group are attributable to the following:

	Post retirement commitments £m	Intangible assets £m	Cash flow hedges £m	Share-based payment £m	Other temporary differences £m	Total £m
At 31 December 2008						
Assets	5.5	–	1.4	–	0.3	7.2
Liabilities	–	(32.8)	–	–	(0.8)	(33.6)
	5.5	(32.8)	1.4	–	(0.5)	(26.4)
At 31 December 2009						
Assets	0.1	–	–	–	1.8	1.9
Liabilities	–	(24.6)	–	–	(0.6)	(25.2)
	0.1	(24.6)	–	–	1.2	(23.3)
At 31 December 2010						
Assets	0.1	–	–	2.9	1.3	4.3
Liabilities	–	(17.7)	–	–	(0.3)	(18.0)
	0.1	(17.7)	–	2.9	1.0	(13.7)

16. Deferred tax assets and liabilities (continued)

Movement in temporary differences between the reporting dates has been reflected in equity or the income statement as follows:

	Post retirement commitments £m	Intangible assets £m	Cash flow hedges £m	Share-based payment £m	Other temporary differences £m	Total £m
At 1 January 2008	11.1	(43.6)	–	–	(0.2)	(32.7)
(Charged)/credited to the income statement	(5.8)	10.8	–	–	(0.3)	4.7
Credited to equity	0.2	–	1.4	–	–	1.6
At 31 December 2008 and at 1 January 2009	5.5	(32.8)	1.4	–	(0.5)	(26.4)
(Charged)/credited to the income statement	(5.6)	8.2	–	–	1.7	4.3
Credited/(charged) to equity	0.2	–	(1.4)	–	–	(1.2)
At 31 December 2009 and at 1 January 2010	0.1	(24.6)	–	–	1.2	(23.3)
(Charged)/credited to the income statement	(0.2)	6.3	–	2.9	(0.2)	8.8
Effect of change in tax rate credited to the income statement	–	0.6	–	–	–	0.6
Credited to equity	0.2	–	–	–	–	0.2
At 31 December 2010	0.1	(17.7)	–	2.9	1.0	(13.7)

Other temporary differences primarily relate to differences between depreciation and capital allowances, and the portion of the interest free Sterling loan note (disclosed in Note 23) that is deemed to be a capital contribution.

17. Trade and other receivables

	2010 £m	2009 £m	2008 £m
Non-current assets			
Amounts owed by former parent	–	7.4	5.0
Total non-current trade and other receivables	–	7.4	5.0
Current assets			
Trade debtors	31.3	28.7	37.1
Accrued income	24.9	30.7	26.5
Other debtors	1.7	5.0	5.0
Prepayments	2.8	2.6	4.6
Total current trade and other receivables	60.7	67.0	73.2
Total trade and other receivables	60.7	74.4	78.2

An analysis of the ageing profile of trade debtors is disclosed in Note 28.

The breakdown of the trade and other receivables was:

	2010 £m	2009 £m	2008 £m
Mutual funds – fee receivables	15.5	16.8	11.3
Mutual funds – trading receivables	28.6	26.8	36.1
Alternative funds	6.8	10.9	11.5
Segregated mandates	5.2	4.8	3.9
Prepayments	2.8	2.6	4.6
Other	1.8	12.5	10.8
Total trade and other receivables	60.7	74.4	78.2

17. Trade and other receivables (continued)

Mutual funds and pooled alternative funds typically settle fees on a monthly basis. Mutual fund trading receivables are due within four working days of the transaction date.

The Group's most significant non-mutual fund trading receivable is disclosed in Note 28.

18. Investments and derivatives

		2010 £m	2009 £m	2008 £m
FVTPL				
Investments designated as at FVTPL	Level 1	0.3	0.3	0.4
	Level 2	8.9	–	–
Held for trading – stock of shares	Level 1	–	–	1.9
Total current asset investments		9.2	0.3	2.3
Financial liabilities				
Derivative contracts	Level 2	–	–	(5.2)

The investments designated as at FVTPL are seed investments. At 31 December 2010, one (2009: none, 2008: none) of the seed investments was a Dublin-domiciled qualifying investor fund (“QIF”). Its fair value is determined by reference to the net asset values of the underlying investments in the fund and therefore it is assessed to be Level 2 in the fair value hierarchy.

The remaining seed investments are Level 1 in the hierarchy and their fair value is based on quoted market prices at the close of business on the reporting date.

Stocks of shares have been held in the normal course of fund management activities and are classified as held for trading current assets. In previous years the Group held a stock of shares in respect of its OEIC business. The stock of shares was reduced to £nil over the course of the year to 31 December 2009 and none were held during 2010. The stock of shares in Level 1 in the hierarchy and their fair value of is based on quoted market prices at the close of business on the reporting date.

There were no transfers between levels in the hierarchy during any period.

An analysis of the sensitivity of investments to changes in market prices is disclosed in Note 28.

Interest rate swaps held were measured at the present value of the estimated future cash flows and discounted based on the applicable yield curves derived from quoted interest rates. Foreign currency forward contracts are measured using quoted forward exchange rates. Being based on a valuation technique whose variables include only data from observable markets, the fair value measurement is categorised as Level 2 in the fair value hierarchy. There were no derivative contracts outstanding as at 31 December 2010 and 2009.

19. Cash and cash equivalents

	2010 £m	2009 £m	2008 £m
Cash at bank	197.1	172.9	218.9
Cash held in employee benefit trusts	–	0.8	0.8
Cash and cash equivalents in the statement of financial position	197.1	173.7	219.7
Bank overdraft (see Note 22)	(0.1)	–	(4.2)
Cash and cash equivalents for the purpose of the statement of cash flows	197.0	173.7	215.5

Cash at bank is held by the Group for the purpose of meeting short-term cash commitments. It is available upon demand.

Cash held in employee benefit trusts represents cash held on deposit by these trusts that is consolidated. See Note 1 (ix). Its use is restricted.

20. Share capital

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m	Year ended 31 December 2008 £m
Authorised			
50,000 Ordinary shares of \$1 each	–	–	–
500,000,000 Ordinary Shares of £0.005 each	2.5	2.5	–
	2.5	2.5	–
Allotted, called-up and fully paid			
100 Ordinary shares of \$1 each	–	–	–
363,940,908 Ordinary Shares of £0.005 each (2009: 307,272,727)	1.8	1.5	–
	1.8	1.5	–

The movement in allotted, called-up and fully paid Ordinary Shares can be reconciled as follows:

Number of shares in issue	Ordinary Shares of £0.005	Ordinary shares of US\$1	Share capital £m
Shares in issue at 1 January 2008	–	100	–
Shares in issue at 31 December 2008 and 1 January 2009	–	100	–
Repurchase of US\$ share class by the Company	–	(100)	–
Issue of £0.005 share class as a bonus issue	180,000,000	–	0.9
Issue of shares at IPO	127,272,727	–	0.6
Shares in issue at 31 December 2009 and 1 January 2010	307,272,727	–	1.5
Issue of shares to EBT	56,668,181	–	0.3
Shares in issue at 31 December 2010	363,940,908	–	1.8

At 1 January 2009, the authorised share capital was 50,000 Ordinary shares of \$1 each (£25,510), and issued share capital was 100 Ordinary shares of \$1 each (£51).

On 3 December 2009 the following movements in issued and authorised share capital occurred:

- the 100 Ordinary Shares of \$1 each in issue were repurchased by the Company and cancelled;
- the authorised share capital of the Company was increased from US\$50,000 divided into 50,000 shares of a nominal or par value of US\$1 each to the aggregate of US\$50,000, divided into 50,000 shares of a nominal or par value of US\$1 each, and £2,500,000 divided into 500,000,000 Ordinary Shares of a nominal or par value of £0.005 each by the creation of 500,000,000 Ordinary Shares of £0.005 each;
- 180,000,000 Ordinary Shares of £0.005 each were issued at par as bonus shares and charged against reserves; and
- the 50,000 authorised but unissued Ordinary shares of a nominal or par value of US\$1 each were then cancelled.

On 16 December 2009 a further 127,272,727 Ordinary Shares of £0.005 each were issued as part of the IPO, at issue price of £2.20, which increased shares in issue at 31 December 2009 to 307,272,727.

On 16 June 2010 the Company issued 9,218,181 Ordinary Shares to the Gartmore Employee Benefit Trust (“EBT”). On 19 November 2010 the Company issued a further 47,450,000 Ordinary Shares to the EBT. In both cases the shares concerned were granted to senior management and key staff under the LTIP in order to retain and incentivise them.

As at 31 December 2010, the Company had one class of share capital, Ordinary Shares with a nominal value of £0.005 each. All issued shares are fully paid, and confer on the shareholder full voting, dividend and capital distribution (including on wind up) rights. They do not confer any rights of redemption. Ordinary shareholders have the right to receive notice of, attend, vote and speak at general meetings, and are entitled to one vote per Ordinary Share held. The Directors are not aware of any agreements or restrictions on voting rights or the transfer of securities, except where these shares are held subject to the rules of the Gartmore Group Omnibus Share Plan, the Relationship Agreement dated 4 December 2009 between the Company, Hellman & Friedman Acquisition I Limited and Hellman & Friedman Acquisition II Limited or the terms of any irrevocable undertakings given to Henderson Group plc by members of the Board, a number of staff and certain of the Company’s shareholders prior to the announcement on 12 January 2011 of a recommended offer by Henderson Group plc for the entire issued share capital of Gartmore Group Limited.

21. Movement on share premium and reserves

	Share premium £m	Own shares £m	Non-distributable reserve £m	Exchange reserve £m	Retained earnings £m	Cash flow hedge reserve £m	Total £m
At 1 January 2008	–	–	2.4	(0.2)	7.7	(2.5)	7.4
Profit for the period	–	–	–	–	(147.0)	–	(147.0)
Exchange differences on translation of foreign operations	–	–	–	6.0	–	–	6.0
Loss on cash flow hedges	–	–	–	–	–	(1.2)	(1.2)
Actuarial loss on post-retirement liability	–	–	–	–	(0.5)	–	(0.5)
At 31 December 2008 and at 1 January 2009	–	–	2.4	5.8	(139.8)	(3.7)	(135.3)
Profit for the period	–	–	–	–	47.6	–	47.6
Exchange differences on translation of foreign operations	–	–	–	(2.1)	–	–	(2.1)
Loss on cash flow hedges	–	–	–	–	–	(0.3)	(0.3)
Reclassification of cash flow hedging amounts on maturity	–	–	–	–	–	4.0	4.0
Actuarial loss on post-retirement liability	–	–	–	–	(0.6)	–	(0.6)
Bonus shares issued out of retained reserves	–	–	–	–	(0.9)	–	(0.9)
Share issue	279.4	–	–	–	–	–	279.4
Costs directly attributable to IPO	(9.1)	–	–	–	–	–	(9.1)
At 31 December 2009 and at 1 January 2010	270.3	–	2.4	3.7	(93.7)	–	182.7
Profit for the period	–	–	–	–	13.3	–	13.3
Exchange differences on translation of foreign operations	–	–	–	1.6	–	–	1.6
Actuarial loss on post-retirement liability	–	–	–	–	(0.4)	–	(0.4)
Adjustment to IPO costs credited to share premium	0.6	–	–	–	–	–	0.6
Share-based payments	–	–	8.4	–	–	–	8.4
Own shares acquired in period	–	(1.9)	–	–	–	–	(1.9)
At 31 December 2010	270.9	(1.9)	10.8	5.3	(80.8)	–	204.3

Share premium of £49 as at 1 January 2009 was cancelled on 3 December 2009, following the cancellation of the 100 Ordinary shares of \$1 each on that date. Share premium of £279.4m arose on 16 December 2009, from the issue of 127,272,727 Ordinary Shares of £0.005 each as part of the IPO, at an issue price of £2.20 (see Note 20).

In 2009, estimated issue costs of £9.1m directly attributable to the IPO and issue of new shares were accrued and set against share premium. During 2010, it was determined that only £8.5m of these costs would be paid and therefore £0.6m was released and credited to share premium.

Own shares represent the cost of shares held by the EBT. The balance sheet and results of the EBT have been consolidated in these financial statements. The employee trusts is controlled by independent trustees and its assets are held separately from those of the Group. At 31 December 2010 the net assets of the EBT amounted to £1.9m (2009: £nil, 2008: £nil), which included 58.4m (2009: nil, 2008: nil) Ordinary Shares in the Company. These shares are recorded at cost and shown as a deduction from shareholders' funds.

The opening non-distributable reserve relates to the interest free Sterling loan note referred to in Note 23, owed to the former parent. It represents the fair value of the interest that is deemed payable over the loan, less the deferred tax liability arising thereon. The additions in 2010 represent the deemed capital contribution resulting from the accrual of share-based payments. The deemed capital contribution is non-distributable because it is created through an investment in a subsidiary undertaking, GIML. GIML is the employer of the individuals receiving the share-based payments.

The Exchange reserve represents amounts relating to the retranslation into Sterling of assets and liabilities of non-Sterling functional currency subsidiaries.

The Cash flow hedge reserve represented the net losses on effective cash flow hedging instruments that were recycled to the income statement when the hedged transaction concerned affected the income statement.

22. Trade and other payables

	2010 £m	2009 £m	2008 £m
Current trade and other payables			
Bank overdraft	0.1	–	4.2
Trade creditors	35.1	32.4	40.1
Other creditors	8.5	2.9	7.3
Taxation and social security	0.3	1.2	1.7
Accruals and deferred income	60.4	71.7	63.0
	104.4	108.2	116.3
Non-current trade and other payables			
Other creditors	2.5	1.2	1.6

A £5.0m provision for an onerous lease has been included in current other creditors. The provision is in respect of rental payments due following the vacation of Gartmore House, which is expected to occur in 2011 (see Note 9). Other creditors also includes costs of £1.7m relating to reinstatement works that will be required to be made to Gartmore House upon expiry of the lease in 2012 but which are expected to be settled in 2011 upon vacation of the building. These costs have been transferred from provisions, following discussion of the liability with the lessors of the property.

23. Long-term borrowings

	2010 £m	2009 £m	2008 £m
Debt	246.5	259.0	644.2
Debt issuance expenses	(0.4)	(1.6)	(6.0)
	246.1	257.4	638.2
Debt			
In issue at start of period	259.0	644.2	493.2
Repaid/acquired in period	(13.1)	(323.6)	(15.2)
Gain on repurchase of own debt	–	(2.3)	–
Deemed interest on 0% Sterling loan note	1.7	0.4	0.4
Exchange movement in period	(1.1)	(59.7)	165.8
At end of period	246.5	259.0	644.2
Debt issuance expenses			
Book value of debt issuance expenses at start of period	1.6	6.0	8.8
Amortised in period	(1.2)	(4.4)	(2.6)
Release of debt expense accruals	–	–	(0.2)
At end of period	0.4	1.6	6.0

The Group debt at 31 December 2010 consists of Euro and US dollar floating rate debt and a Sterling loan note.

At 31 December 2010

	Interest rate	Maturity	Currency m	£ equivalent when issued £m	£ equivalent at 31 December 2010 £m
Euro floating rate debt	Euribor plus 1.75%	2014	€147.2	100.7	126.1
US dollar floating rate debt	US Libor plus 1.75%	2014	\$184.5	93.3	117.8
Sterling loan note	0%	2014	£2.1	2.1	2.6
				196.1	246.5

23. Long-term borrowings (continued)

At 31 December 2009

	Interest rate	Maturity	Currency m	£ equivalent when issued £m	£ equivalent at 31 December 2009 £m
Euro floating rate debt	Euribor plus 2.00%	2014	€150.5	103.0	133.8
US dollar floating rate debt	US Libor plus 2.00%	2014	\$188.7	95.4	116.8
Sterling loan note	0%	2014	£7.3	7.3	8.4
				205.7	259.0

At 31 December 2008

	Interest rate	Maturity	Currency m	£ equivalent when issued £m	£ equivalent at 31 December 2008 £m
Euro floating rate debt	Euribor plus 1.75%	2014	€333.0	228.0	322.0
US dollar floating rate debt	US Libor plus 1.75%	2014	\$451.9	228.5	314.3
Sterling loan note	0%	2014	£7.3	7.3	7.9
				463.8	644.2

In accordance with the Senior Credit Agreement (“SCA”), the margin on both the Euro and US dollar floating rate debt is 1.75%, as the leverage ratio of the most recent Compliance Certificate submitted prior to 31 December 2010 was below 3.75. The margin increases to 2.00% when the leverage ratio rises above 3.75, or if Gartmore does not remain in compliance with all other terms of the SCA. The margin payable at 31 December 2010 was 1.75% (2009: 2.00%, 2008: 1.75%). In July 2010, the Group repaid £5.6m Sterling equivalent of this debt.

In 2007, the then parent, OPLP, made an interest free Sterling loan to the Group. A deemed interest rate of 5.5% has been applied to this note. The Group repaid £7.5m of this loan in nominal terms in April 2010.

24. Provisions

	At 1 January 2010 £m	Provided £m	Paid £m	Released/ reclassified £m	At 31 December 2010 £m	Current £m	Non- current £m
2010							
Premises	5.0	0.3	–	(4.6)	0.7	–	0.7
Corporate bond fund acquisition	1.7	–	(0.4)	(0.7)	0.6	0.3	0.3
Regulatory action	1.9	–	(1.6)	(0.3)	–	–	–
	8.6	0.3	(2.0)	(5.6)	1.3	0.3	1.0

	At 1 January 2009 £m	Provided £m	Paid £m	Released £m	At 31 December 2009 £m	Current £m	Non- current £m
2009							
Premises	4.4	0.6	–	–	5.0	–	5.0
Investment trust VAT reclaim	1.0	–	(0.8)	(0.2)	–	–	–
Corporate bond fund acquisition	–	1.8	(0.1)	–	1.7	0.5	1.2
Regulatory action	–	1.9	–	–	1.9	1.9	–
	5.4	4.3	(0.9)	(0.2)	8.6	2.4	6.2

24. Provisions (continued)

	At 1 January 2008 £m	Provided £m	Paid £m	Released £m	At 31 December 2008 £m	Current £m	Non- current £m
2008							
Premises	3.7	0.7	–	–	4.4	–	4.4
Investment trust VAT reclaim	14.5	0.4	(8.6)	(5.3)	1.0	1.0	–
OEIC VAT reclaim	1.8	–	(1.2)	(0.6)	–	–	–
	20.0	1.1	(9.8)	(5.9)	5.4	1.0	4.4

Premises

The premises provision at 31 December 2009 mainly related to reinstatement works that will be required to be made to the Group's premises at Gartmore House upon the expiry of the lease in 2012. Following discussion with the lessor of the amount of the liability during the course of 2010, £1.7m has been transferred to other creditors (see Note 22) and the balance released to the income statement.

An additional provision was created in 2008 in relation to a second property, Kings House, the lease on which will expire in 2013. In 2010, provisions for two smaller properties in Boston and Glasgow were made.

The provisions are sensitive to the ultimate cost of reinstatement works to the properties.

Corporate bond fund acquisition

In July 2009, the Group entered into a co-operation agreement with Rensburg. Under this agreement, the management of the Rensburg Corporate Bond Trust (a UK Authorised Unit Trust) was transferred to the Group and the fund was converted into a sub-fund of the Gartmore OEIC Series II. Under the agreement, the Group agreed to pay consideration to Rensburg related to the size of the fund over a period of three years. As discussed in Note 14, the estimated amount payable to Rensburg has been capitalised as an intangible asset. The total amount of consideration is uncertain and therefore has been included as a provision, based on management's estimate of the total amount of consideration payable. The provision is sensitive to changes in the value of the acquired fund.

This contingent consideration was re-assessed in 2010, resulting in a reduction of £0.7m in the cost of the intangible asset, and a corresponding adjustment in the related provision.

Regulatory action

CONSOB, the Italian financial regulator, sanctioned two former employees of the Group and levied a fine against those employees. The Group settled the fine in 2010. However, the Group has conducted a full investigation of the issue and is appealing against the ruling.

In 2009, a group company responded to an information request from the United States Securities and Exchange Commission ("**SEC**") in respect of certain trading activity. This request resulted in enforcement action by the SEC which was settled in 2010.

Investment trusts VAT reclaim

Following a ruling by the European Court of Justice in 2007, Her Majesty's Revenue & Customs ("**HMRC**") announced in November 2007 that VAT exemption would be extended to management fees charged to investment trusts and UK law would be amended so as to conform to EU law. The investment trusts that are clients of the Group, along with former clients, sought repayment of VAT previously charged prior to the EU judgment. The Group submitted protective claims to HMRC to recover VAT charged on such management fees for the maximum period permissible under the capping legislation that existed.

The Group made provision to pay the amounts concerned over to the investment trusts. HMRC has settled these protective claims and those monies were passed on to the investment trusts during 2008 and 2009.

OEIC VAT reclaim

Following the ruling of the European Court of Justice in the Abbey National case (C-169/04) issued on 5th May 2006, the Group became entitled to claim refunds of VAT from HMRC in respect of VAT charged on certain administration services supplied by it to certain OEICs, and also from third party administrators in respect of similar services charged to it. The VAT was received from HMRC and passed on to the OEICs during 2008. In 2008 the settlement amount was agreed and this was transferred to creditors and subsequently paid.

25. Post-retirement liability

	2010 £m	2009 £m	2008 £m
Gartmore Pension Scheme (see Note 26)	–	–	–
Post-retirement medical scheme (see Note 26)	0.3	0.4	0.2
Post-retirement liability	0.3	0.4	0.2

26. Pension commitments

Gartmore Pension Scheme

The scheme was closed to new entrants and future accrual for existing members in 2006.

The agreed investment strategy of the Gartmore Pension scheme is liability driven ("LDI"). The LDI strategy seeks to minimise the effect of inflation and interest rate effects on the pension scheme through investment in index linked gilts and the use of inflation and interest rate swaps. Hedges were in place to hedge against the effect of inflation and interest rate changes on the liabilities of the scheme at 31 December 2009 and 2008. There were no hedges in place at 31 December 2010. The use of index linked gilts was introduced in 2009.

The amounts recognised in the income statement are as follows:

	2010 £m	2009 £m	2008 £m
Interest on obligation (Note 10)	(4.9)	(3.9)	(4.6)
Expected return on scheme assets (Note 10)	5.5	4.7	5.3
Total included in income statement	0.6	0.8	0.7

The amounts recognised in the SOCI are as follows:

	2010 £m	2009 £m	2008 £m
Change in non-recoverable surplus	(0.6)	(0.8)	(0.7)
Taxation	0.2	0.2	0.2
Total included in SOCI	(0.4)	(0.6)	(0.5)

The cumulative pre-tax amount of actuarial gains recognised in the SOCI was £2.7m at 31 December 2010 (2009: £3.3m, 2008: £4.1m).

The amounts recognised in the statement of financial position from the date of transition to IFRS are as follows:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of funded obligations	(89.2)	(87.5)	(61.7)	(85.4)	(107.1)
Fair value of scheme assets	145.8	138.7	150.6	125.8	143.0
Surplus	56.6	51.2	88.9	40.4	35.9
Unrecoverable surplus (see Note 1(xxvi))	(56.6)	(51.2)	(88.9)	(40.4)	(35.9)
Net asset	-	-	-	-	-

Movements in the present value of the defined benefit obligation were as follows:

	2010 £m	2009 £m	2008 £m
Opening defined benefit obligation	(87.5)	(61.7)	(85.4)
Interest cost (Note 10)	(4.9)	(3.9)	(4.6)
Benefits paid	4.2	3.2	7.1
Actuarial (losses)/gains	(1.0)	(25.1)	21.2
Closing defined benefit obligation	(89.2)	(87.5)	(61.7)

Benefits paid consist of pensions in payment, pension commencement lump sums and expenses that are paid from the scheme.

Movements in the fair value of the scheme assets were as follows:

	2010 £m	2009 £m	2008 £m
Opening fair value of scheme assets	138.7	150.6	125.8
Expected return (Note 10)	5.5	4.7	5.3
Benefits paid	(4.2)	(3.2)	(7.1)
Actuarial gains/(losses)	5.8	(13.4)	26.6
Closing fair value of scheme assets	145.8	138.7	150.6

26. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2010		2009		2008	
	£m	%	£m	%	£m	%
Bonds	144.9	99.4%	107.2	77.3%	–	0.0%
Money market fund	0.9	0.6%	30.0	21.6%	109.2	72.5%
Derivatives	–	0.0%	1.5	1.1%	41.4	27.5%
	145.8	100.0%	138.7	100.0%	150.6	100.0%

Principal actuarial assumptions at the reporting date:

	2010	2009	2008
Discount rate at measurement date	5.50%	5.70%	6.50%
Expected return on scheme assets at measurement date	4.00%	4.30%	3.50%
Future pension increases	3.40%	3.60%	2.90%
Retail price inflation	3.60%	3.70%	3.10%

The expected rates of return on assets at measurement dates have been determined as a weighted average of the expected returns for each asset class held by the scheme at that date.

The mortality assumption used to calculate the liability figures for the scheme at 31 December 2010 has been updated to be in line with the Scheme's transfer value basis. The assumption used is 85% of the S1NA tables, with allowance for future improvements from 2003 in line with the medium cohort projections subject to a minimum annual rate of improvement of 1.0% pa. For 2009, the assumption was based on the PA92 birth year mortality tables with an average of medium and long cohort projections, which was a change from the basis used for 2008. At 31 December 2008 the assumptions were based upon the PA92 birth year mortality tables but used medium cohort projections. Using these assumptions, the life expectancy for a member currently aged 60 is 27.3 years (2009: 27.7 years, 2008: 26.8 years). The life expectancy from age 60 for someone currently aged 40 is 29.4 years (2009: 28.8 years, 2008: 27.9 years).

Scheme benefit accrual and salary linkage ceased on 11 August 2006 and accordingly no salary increase assumption is applicable at 31 December 2010 (2009: none, 2008: none).

The defined benefit obligation at the reporting date is subject to the following sensitivities to changes in the actuarial assumptions:

	2010 £m	2009 £m	2008 £m
Discount rate: +0.1%/-0.1%	-/+ 2.3	-/+ 2.2	-/+ 1.5
Inflation rate: +0.1%/-0.1%	+/- 2.3	+/- 2.2	+/- 1.5
Salary increases: +0.1%/-0.1%	n/a	n/a	n/a
Life expectancy: increase by 1 year	+ 2.1	+ 1.9	+ 1.1

The scheme currently has an unrecognised surplus. Accordingly, any increase in the scheme's overall liabilities resulting from changes to the actuarial assumptions would initially be offset against this surplus with no impact on the net assets of the Group.

History of experience gains and losses from the date of transition to IFRSs

	2010	2009	2008	2007	2006
Experience adjustments on scheme assets:					
Gain/(loss) (£m)	5.8	(13.4)	26.6	1.9	–
Percentage of scheme assets (%)	4.0%	9.7%	17.7%	1.5%	–
Experience adjustment on scheme liabilities:					
Loss (£m)	(1.3)	(0.8)	(0.5)	(0.4)	–
Percentage of scheme liabilities (%)	1.5%	0.9%	0.8%	0.0%	–
Changes in assumptions underlying the present value of the scheme liabilities:					
Gain/(loss) (£m)	0.3	(24.3)	21.7	7.8	–
Percentage of scheme liabilities (%)	0.3%	27.8%	35.1%	9.1%	–

Post-retirement medical scheme

The Group also has a post-retirement medical scheme. This has been closed to new employees since 1995. Applicable employees are eligible to receive benefits when they retire from employment with the Group. The Group has estimated the value of this liability to be £0.3m at 31 December 2010 (2009: £0.4m, 2008: £0.2m).

27. Commitments

At 31 December 2010 the Group had total commitments to pay rentals under operating leases, relating to land and buildings of the following amounts:

	2010 £m	2009 £m	2008 £m
In less than one year	5.4	5.3	5.8
In the second to fifth years inclusive	9.4	8.6	14.7
In more than five years	27.9	–	–
	42.7	13.9	20.5

In September 2010 the Group signed 15 year leases for the majority of the floors at the Rex Building, London EC4. Under the terms of the lease, the rent is subject to upward review once every five years from the term commencement date, to open market rent, subject to a minimum uplift to a total annual rent of £2.9m. At 31 December 2010 the Group had no capital commitments relating to the fit-out.

The lease on Gartmore's current head office expires September 2012.

£4.6m of the amounts included in less than one year and in the second to fifth years inclusive form part of the onerous lease exceptional property costs (see Note 9) and have already been accrued in 2010.

28. Financial risk management

Categories of financial instrument

At 31 December the Group had financial instruments at the carrying values below:

2010	Financial assets at FVTPL: Designated on initial recognition £m	Loans and receivables £m	At amortised cost £m	Total financial instruments £m	Non financial instruments £m	Total £m
Assets						
Property, plant and equipment	–	–	–	–	2.1	2.1
Intangible assets	–	–	–	–	306.6	306.6
Investment in joint venture	–	–	–	–	2.6	2.6
Deferred tax asset	–	–	–	–	4.3	4.3
Trade and other receivables**	–	56.2	–	56.2	4.5	60.7
Investments	9.2	–	–	9.2	–	9.2
Cash and cash equivalents	–	197.1	–	197.1	–	197.1
Current tax	–	–	–	–	1.2	1.2
Liabilities						
Long-term borrowings	–	–	(246.5)	(246.5)	0.4	(246.1)
Trade and other payables*	–	–	(1.6)	(1.6)	(0.9)	(2.5)
Provisions *	–	–	–	–	(1.0)	(1.0)
Post-retirement liability	–	–	–	–	(0.3)	(0.3)
Deferred tax liability	–	–	–	–	(18.0)	(18.0)
Trade and other payables**	–	–	(102.2)	(102.2)	(2.2)	(104.4)
Provisions **	–	–	–	–	(0.3)	(0.3)
Current tax	–	–	–	–	(5.1)	(5.1)
	9.2	253.3	(350.3)	(87.8)	293.9	206.1

28. Financial risk management (continued)

2009	Financial assets at FVTPL:		Loans and receivables £m	At amortised cost £m	Total financial instruments £m	Non financial instruments £m	Total £m
	Designated on initial recognition £m						
Assets							
Property, plant and equipment	–	–	–	–	–	2.6	2.6
Intangible assets	–	–	–	–	–	330.4	330.4
Deferred tax asset	–	–	–	–	–	1.9	1.9
Trade and other receivables*	–	7.4	–	–	7.4	–	7.4
Trade and other receivables**	–	59.4	–	–	59.4	7.6	67.0
Investments	0.3	–	–	–	0.3	–	0.3
Cash and cash equivalents	–	173.7	–	–	173.7	–	173.7
Current tax	–	–	–	–	–	2.0	2.0
Liabilities							
Long-term borrowings	–	–	–	(259.0)	(259.0)	1.6	(257.4)
Trade and other payables*	–	–	–	(1.2)	(1.2)	–	(1.2)
Provisions*	–	–	–	–	–	(6.2)	(6.2)
Post-retirement liability	–	–	–	–	–	(0.4)	(0.4)
Deferred tax liability	–	–	–	–	–	(25.2)	(25.2)
Trade and other payables**	–	–	–	(104.1)	(104.1)	(4.1)	(108.2)
Provisions**	–	–	–	–	–	(2.4)	(2.4)
Current tax	–	–	–	–	–	(0.1)	(0.1)
	0.3	240.5		(364.3)	(123.5)	307.7	184.2

2008	Financial assets at FVTPL:		Loans and receivables £m	At amortised cost £m	Designated hedge accounting £m	Total financial instruments £m	Non financial instruments £m	Total £m
	Designated on initial recognition £m	Held for trading £m						
Assets								
Property, plant and equipment	–	–	–	–	–	–	4.2	4.2
Intangible assets	–	–	–	–	–	–	357.6	357.6
Deferred tax asset	–	–	–	–	–	–	7.2	7.2
Trade and other receivables*	–	–	5.0	–	–	5.0	–	5.0
Trade and other receivables**	–	–	63.6	–	–	63.6	9.6	73.2
Investments	0.4	1.9	–	–	–	2.3	–	2.3
Cash and cash equivalents	–	–	219.7	–	–	219.7	–	219.7
Liabilities								
Long-term borrowings	–	–	–	(644.2)	–	(644.2)	6.0	(638.2)
Trade and other payables*	–	–	–	(1.6)	–	(1.6)	–	(1.6)
Provisions*	–	–	–	–	–	–	(4.4)	(4.4)
Post-retirement liability	–	–	–	–	–	–	(0.2)	(0.2)
Deferred tax liability	–	–	–	–	–	–	(33.6)	(33.6)
Trade and other payables**	–	–	–	(107.3)	–	(107.3)	(9.0)	(116.3)
Provisions**	–	–	–	–	–	–	(1.0)	(1.0)
Derivatives	–	–	–	–	(5.2)	(5.2)	–	(5.2)
Current tax	–	–	–	–	–	–	(4.0)	(4.0)
	0.4	1.9	288.3	(753.1)	(5.2)	(467.7)	332.4	(135.3)

* denotes non-current assets and liabilities and ** denotes current assets and liabilities where the distinction is required.

There is no material difference between the carrying value and fair value of the assets and liabilities of the Group with the exception of long-term borrowings. The carrying value of long-term borrowings at 31 December 2010 was £246.5m (2009: £259.0m, 2008: £644.2m) whilst the fair value was £238.0m (2009: £241.1m, 2008: £299.0m). The fair value has been based on market quotes obtained from a financial information services company.

28. Financial risk management (continued)

Gains and losses recognised in the income statement during the period to 31 December by category are shown below:

2010	Financial assets at FVTPL:		Financial liabilities at amortised cost £m	Total gains and losses on financial instruments £m	Other income and expense £m	Total £m
	Designated on initial recognition £m	Loans and receivables £m				
Management fees	–	–	–	–	219.4	219.4
Performance fees	–	–	–	–	34.8	34.8
Other revenue	0.7	(0.2)	–	0.5	11.0	11.5
Fee and commission expenses	–	–	–	–	(57.0)	(57.0)
Other operating expenses	–	–	–	–	(156.7)	(156.7)
Share of joint venture	–	–	–	–	1.1	1.1
Exceptional property cost	–	–	–	–	(5.0)	(5.0)
Intangible amortisation	–	–	–	–	(23.1)	(23.1)
Finance income	–	–	1.1	1.1	6.0	7.1
Finance expenses	–	(0.5)	–	(0.5)	(13.4)	(13.9)
Taxation	–	–	–	–	(4.9)	(4.9)
	0.7	(0.7)	1.1	1.1	12.2	13.3

2009	Financial assets at FVTPL:		Financial liabilities at amortised cost £m	Total gains and losses on financial instruments £m	Other income and expense £m	Total £m
	Designated on initial recognition £m	Loans and receivables £m				
Management fees	–	–	–	–	201.5	201.5
Performance fees	–	–	–	–	65.9	65.9
Other revenue	0.7	(1.6)	–	(0.9)	11.8	10.9
Fee and commission expenses	–	–	–	–	(54.6)	(54.6)
Other operating expenses	–	–	–	–	(170.6)	(170.6)
Exceptional IPO costs	–	–	–	–	(2.5)	(2.5)
Intangible amortisation	–	–	–	–	(29.6)	(29.6)
Finance income	–	–	59.8	59.8	8.0	67.8
Finance expenses	–	(7.8)	–	(7.8)	(34.8)	(42.6)
Taxation	–	–	–	–	1.4	1.4
	0.7	(9.4)	59.8	51.1	(3.5)	47.6

2008	Financial assets at FVTPL		Loans and receivables £m	Financial liabilities at amortised cost £m	Total gains and losses on financial instruments £m	Other income and expense £m	Total £m
	Designated on initial recognition £m	Held for trading £m					
Management fees	–	–	–	–	–	251.4	251.4
Performance fees	–	–	–	–	–	27.7	27.7
Other revenue	(0.1)	(1.0)	5.5	–	4.4	12.5	16.9
Fee and commission expenses	–	–	–	–	–	(53.9)	(53.9)
Other operating expenses	–	–	–	–	–	(153.8)	(153.8)
Intangible amortisation	–	–	–	–	–	(37.7)	(37.7)
Finance income	–	–	6.5	–	6.5	13.7	20.2
Finance expenses	–	–	–	(165.8)	(165.8)	(43.4)	(209.2)
Taxation	–	–	–	–	–	(8.6)	(8.6)
	(0.1)	(1.0)	12.0	(165.8)	(154.9)	7.9	(147.0)

During 2010 the Group held no derivative instruments for hedge accounting purposes. During 2009 a gain of £3.7m (2008: loss of £1.2m) net of deferred taxation was recognised directly in equity reflecting the net gain on derivative instruments in designated hedge accounting relationships.

28. Financial risk management (continued)

Overview

The Group's risk management is a structured process which identifies, measures and reports risk. It aims to identify potential changes in the risk profile of the business and is built on formal governance processes, individual responsibility and senior management oversight. Risk is controlled through a system of procedures, checks, reports and responsibilities. The risk management structure is supported by legal and compliance advice, guidance from internal audit and input from the business areas. The maintenance of core business processes and continuance of ordinary business activity is ensured by the Group's business continuity plans and that of its outsource partners.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Equity market risk;
- Foreign currency risk;
- Interest rate risk; and
- Liquidity risk.

This note sets out information about the Group's exposure to each of these risks. It explains how these risks are measured and managed. Further quantitative disclosures are made in other notes to the financial statements.

The Group's exposure to financial instruments can include seed capital investments, stocks of shares, derivative contracts, cash and cash equivalents, trade receivables, accrued income, trade payables, accruals and long-term borrowings.

Credit risk

Credit risk is the risk of loss to the Group if a client, fund or counterparty fails to meet its contractual payment obligations. The Group is exposed to credit risk on amounts due from clients, representing investment management fees and performance fees due, and amounts due for the purchase and redemption of shares in mutual funds. The Group may also be exposed to credit risk on amounts due from counterparties in swap and forward currency transactions and from banks in respect of cash deposits.

The carrying amount best represents the maximum exposure to credit risk.

No financial instruments were past due, with the exception of certain trade debtors. The ageing of trade debtors is shown below:

	2010 £m	2009 £m	2008 £m
Not past due	27.2	18.8	36.1
Past due 0 to 30 days	2.8	9.8	0.6
Past due 31 to 150 days	1.3	0.1	0.4
Total trade debtors (Note 17)	31.3	28.7	37.1

This table was not included in the consolidated financial statements for the year ended 31 December 2008. This information was included as comparatives in the consolidated financial statements for the years ended 31 December 2009 and 2010.

All material amounts were subsequently received following the reporting date. No impairment was considered necessary (2009: £nil, 2008: £nil).

At 31 December 2010 there was no significant concentration of fees owed by underlying clients or distributors although one mutual fund did account for 4% of the total trade debtors and accrued income. The Group's most significant non-fund trading receivable, a mutual fund fee receivable, accounted for £2.1m of the trade debtors and accrued income (2009: a mutual fund receivable £2.6m, 2008: a mutual fund fee receivable £2.1m). Management fees from mutual funds and pooled alternative funds, representing the majority of management fees, are collected monthly. Additionally, performance fees are generally collected within one month of crystallisation. Amounts due from clients investing in mutual funds are closely monitored by administrators, and upon a default any loss would be limited to the amount of any adverse market or foreign exchange movements in the value of the fund holding that have occurred since the transaction was placed. An analysis of trade and other receivables by type of fund is provided in Note 17.

At the year end cash and cash equivalents were held at institutions rated as follows by one of Standard and Poor's, Moody's or Fitch:

	2010 £m	2009 £m	2008 £m
A	9.2	7.0	14.4
AA	187.9	166.7	205.3
Total	197.1	173.7	219.7

Equity market risk

Equity market risk is the risk that equity market changes will reduce the value of financial instruments held by the Group.

The equity market exposure of the Group's financial instruments is in respect of seed capital investments in its own funds and previously in holdings of the Group's OEIC shares. The Group's policy is to hedge the equity market exposure of significant seed investments wherever possible. One material seed investment was held in a hedge fund as at 31 December 2010 (2009: nil, 2008: nil) but given the nature of the fund it was not necessary to hedge the exposure. The market values of the Group's investments are disclosed in Note 18.

The Group's investments are principally equity based and therefore the Group is exposed to equity price risk. The equities are listed on a wide range of global exchanges. A 10% increase in global exchanges would have increased the value of investments by £0.9m (2009: £nil, 2008: £0.2m). An equal change in the opposite direction would have decreased the value of investments by £0.9m (2009: £nil, 2008: £0.2m). The sensitivity is calculated as 10% of the carrying value of the investments at year end.

28. Financial risk management (continued)

Foreign currency risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The Group is exposed to foreign currency risk on its accrued and billed fee income and associated fee incentives where these are denominated in currencies other than Sterling, principally US Dollars, Euros and Japanese Yen. Once the income and incentives concerned have been accrued, the Group is exposed to foreign currency risk on the amount accrued until the balance is settled and converted into Sterling. The majority of the Group's fees are received from mutual funds and pooled alternative funds where fees are received monthly.

The Group is also exposed to foreign currency movements on its borrowings in US Dollars and Euros. The interest payable on these borrowings in US Dollars and Euros partially offsets exposure to fee income in these currencies and so is an economic hedge. Additionally the Group holds significant cash balances in US Dollars and Euros in order to limit exposure to currency movements on interest payments and debt repayments.

At 31 December 2010, the Group had no forward currency contracts (2009: none, 2008: none) to hedge foreign currency risk.

	US Japanese		
	Euros	Dollars	Yen
At 31 December 2010	£m	£m	£m
Trade receivables	7.4	5.7	1.7
Investments	9.0	0.1	–
Cash and cash equivalents	45.3	53.0	11.2
Trade payables	(4.2)	(3.3)	(1.3)
Long-term borrowings	(126.1)	(117.8)	–
Total	(68.6)	(62.3)	11.6

	US Japanese		
	Euros	Dollars	Yen
At 31 December 2009	£m	£m	£m
Trade receivables	4.5	15.7	1.4
Investments	0.1	0.2	–
Cash and cash equivalents	26.7	28.6	6.7
Trade payables	(11.1)	(6.3)	(0.9)
Long-term borrowings	(133.8)	(116.8)	–
Total	(113.6)	(78.6)	7.2

	US Japanese		
	Euros	Dollars	Yen
At 31 December 2008	£m	£m	£m
Trade receivables	4.7	13.1	0.8
Investments	0.4	–	–
Cash and cash equivalents	43.9	40.3	14.1
Trade payables	(10.8)	(6.9)	(2.2)
Long-term borrowings	(322.0)	(314.3)	–
Derivative contracts	(1.6)	(3.5)	–
Total	(285.4)	(271.3)	12.7

The following significant exchange rates applied during the year:

	2010		2009		2008	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Euros	1.17	1.17	1.12	1.13	1.26	1.03
US Dollars	1.55	1.57	1.57	1.61	1.85	1.44
Japanese Yen	135.68	126.98	146.85	150.34	192.53	132.48

A 10% strengthening of Sterling against the following currencies would have increased/(decreased) profit or loss and equity, based on the assets and liabilities at the reporting date, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2010	2009	2008
Impact on profit or loss	£m	£m	£m
Euros	6.9	11.4	28.4
US Dollars	6.2	7.9	26.8
Japanese Yen	(0.3)	(0.2)	–

The effect on profit or loss has been calculated as 10% of the financial instruments in the table above where the effect of a change in exchange rates is taken to profit or loss. This will be all financial instruments with the exception of derivatives (where the changes are taken to equity).

28. Financial risk management (continued)

Impact on equity	2010	2009	2008
	£m	£m	£m
Euros	–	–	0.1
US Dollars	–	–	0.4
Japanese Yen	(1.1)	(0.8)	(1.5)

The effect on equity has been calculated as 10% of the financial instruments in the table above where the effect of a change in exchange rates is taken to equity (derivatives only), plus the effect on the translation of the net assets of foreign currency subsidiaries whose functional currency is Japanese Yen or Euros.

A 10% weakening of Sterling against the above currencies would have had an equal and opposite effect on the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

Interest rate risk is the risk that a rise in interest rates will increase the interest payments of the Group and so reduce profitability.

Until 23 July 2009 the Group had in place variable to fixed interest rate swaps in respect of a proportion of its long-term borrowings (58% at 31 December 2008). The contracts concerned expired in July 2009 and have not been replaced.

The Group has cash deposits that earn interest at a variety of rates. Any reduction in interest rates will reduce the interest income on these cash deposits. These deposits provide a partial economic hedge against the effect of interest rate changes on the Group's borrowings.

The interest rate profile of the Group's financial instruments was as follows:

	Floating rate	Not directly	Total
	£m	exposed to	£m
		interest rate	
		risk	
		£m	
At 31 December 2010			
Trade receivables	–	56.2	56.2
Investments	–	9.2	9.2
Cash and cash equivalents	188.4	8.7	197.1
Trade payables	(0.8)	(102.9)	(103.7)
Long-term borrowings	(243.9)	(2.6)	(246.5)
Bank overdraft	(0.1)	–	(0.1)
	(56.4)	(31.4)	(87.8)

	Floating rate	Not directly	Total
	£m	exposed to	£m
		interest rate	
		risk	
		£m	
At 31 December 2009			
Trade receivables	7.4	59.4	66.8
Investments	–	0.3	0.3
Cash and cash equivalents	168.1	5.6	173.7
Trade payables	(0.7)	(104.6)	(105.3)
Long-term borrowings	(250.6)	(8.4)	(259.0)
	(75.8)	(47.7)	(123.5)

	Floating rate	Not directly	Total
	£m	exposed to	£m
		interest rate	
		risk	
		£m	
At 31 December 2008			
Trade receivables	–	68.6	68.6
Investments	–	2.3	2.3
Cash and cash equivalents	219.7	–	219.7
Trade payables	–	(104.7)	(104.7)
Long-term borrowings	(636.3)	(7.9)	(644.2)
Bank overdraft	(4.2)	–	(4.2)
Derivatives	(5.2)	–	(5.2)
	(426.0)	(41.7)	(467.7)

28. Financial risk management (continued)

A 1% increase in interest rates would increase the annual interest earned on the Group's cash and cash equivalents by £1.7m (2009: £1.5m, 2008: £2.2m). An equal change in the opposite direction would decrease the annual interest earned on the Group's cash and cash equivalents and bank overdraft balances by £0.4m (2009: £0.4m, 2008: £2.2m). A 1% increase in interest rates would increase the annual interest payable on the Group's long-term borrowings by £2.4m (2009: £2.5m, 2008: £2.7m). An equal change in the opposite direction would decrease the annual interest payable on the Group's borrowings by £1.5m (2009: £0.8m, 2008: £2.7m). At 31 December 2010 and 2009 the interest rate swap contracts had expired and therefore none of the interest payable on the floating rate debt was hedged to a fixed rate (2008: 58%) and consequently the full effect of a 1% movement is shown (2008: 42%).

Finance income and expenses are set out in Note 10.

Regulatory capital requirements

The Group considers its share capital, share premium and reserves to constitute its total capital. These are shown in Notes 20 and 21. Certain group companies are regulated and must maintain liquid capital resources to comply with the capital requirements of the UK Financial Services Authority and other financial regulators around the world. The Group maintains sufficient funds to meet its short-term commitments and regulatory capital requirements.

The FSA has granted a waiver until 31 December 2011 of the requirement to comply with minimum capital requirements on a consolidated basis under FSA rules implementing the Capital Adequacy Directive 2006/49/EC. One condition of this waiver is that the Group's parent financial holding company in an EU member state must retain regulatory capital resources in excess of the sum of the notional capital requirements of its subsidiaries, participations and certain other connected entities in the financial services sector, calculated as though they were subject to the same regulatory capital rules as Gartmore Investment Limited ("GIL"). At the reporting date the Group's capital was significantly in excess of these requirements.

In addition to the capital held to meet FSA and other regulatory capital requirements, the Group maintains cash resources sufficient to meet all liabilities when they fall due, taking into account expected cash receipts. Cash is held in no-notice deposit accounts. The Group performs regular cash flow forecasts, modelling both normal and stressed conditions.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, or can only do so at a significantly increased cost. The Group's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or the risk of damaging the Group's reputation.

Liquidity risk is mitigated by the long-term nature of the Group's principal borrowings and the relatively low working capital requirements of the business.

Management closely monitors the ability of the Group to service its debt financing liabilities, which is dependent upon the ability to pass dividends through the Group structure. This in turn is dependent upon the restrictions of the SCA and the amount of profits available for distribution.

Should a potential forecast deficit arise the Group has access to a £10m revolving credit facility as part of its SCA. This remains undrawn.

Non-compliance with the SCA would create liquidity risk, as non-compliance could result in early repayment of borrowings or additional interest charges. The Group closely manages compliance with the SCA to reduce this risk. This facility may be difficult to replace.

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
At 31 December 2010							
Non-derivative financial liabilities							
Long-term debt	246.5	267.6	3.0	3.0	5.9	255.7	–
Trade and other payables	103.7	103.3	95.0	6.7	–	1.6	–
Bank overdraft	0.1	0.1	0.1	–	–	–	–
	350.3	371.0	98.1	9.7	5.9	257.3	–

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
At 31 December 2009							
Non-derivative financial liabilities							
Long-term debt	259.0	289.9	3.2	3.1	6.3	277.3	–
Trade and other payables	105.3	103.7	103.0	–	–	0.7	–
Bank overdraft	–	–	–	–	–	–	–
	364.3	393.6	106.2	3.1	6.3	278.0	–

28. Financial risk management (continued)

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
At 31 December 2008							
Non-derivative financial liabilities							
Long-term debt	644.2	799.5	16.3	13.5	26.9	80.8	662.0
Trade and other payables	104.7	102.0	102.0	–	–	–	–
Bank overdraft	4.2	4.2	4.2	–	–	–	–
Lease commitments	–	20.5	3.1	2.7	5.3	9.4	–
	753.1	926.2	125.6	16.2	32.2	90.2	662.0

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m
At 31 December 2010				
Derivative financial liabilities				
Derivatives	–	–	–	–

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m
At 31 December 2009				
Derivative financial liabilities				
Derivatives	–	–	–	–

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m
At 31 December 2008				
Derivative financial liabilities				
Derivatives	5.2	5.1	2.7	2.4

29. Related party transactions

OPLP

Up to and immediately prior to the IPO in December 2009, the ultimate and immediate parent undertaking, and immediate controlling party, of the Company was OPLP, an exempted limited partnership registered in the Cayman Islands.

Following the IPO in December 2009, the Company ceased to be a subsidiary of OPLP, and became the ultimate parent undertaking and controlling party of the Group.

The Group had the following related party transactions during the period with OPLP:

	Amount of (expense)/income in the year to 31 December 2010 £m	Balance owed to entity 31 December 2010 £m
2010		
Nature of transactions		
Sterling loan note	(1.7)	(2.6)
Sterling & US Dollar loan notes	0.1	–

	Amount of (expense)/income in the year to 31 December 2009 £m	Balance (owed to)/due from entity 31 December 2009 £m
2009		
Nature of transactions		
Sterling loan note	(0.4)	(8.4)
Sterling & US Dollar loan notes	0.3	7.4

	Amount of (expense)/income in the year to 31 December 2008 £m	Balance (owed to)/due from entity 31 December 2008 £m
2008		
Nature of transactions		
Sterling loan note	(0.4)	(7.9)
Sterling & US Dollar loan notes	0.2	5.0

In April 2010 the Company settled £7.5m of a £10.6m interest free Sterling loan note owed to OPLP. This loan has been discounted for accounting purposes using a deemed interest rate of 5.5%. For details on the remaining balance see Note 23. OPLP also owed the Group £7.5m in outstanding Sterling and US Dollar loan notes and these were settled by OPLP at the same date.

29. Related party transactions (continued)

Senior management compensation

The Company considers transactions with its senior management at related party transactions. Senior management are considered to be the Directors of GGL and GIML, who collectively manage the operating activities of the Group. Except as disclosed below, there were no transactions, arrangements or agreements made for senior management during the period.

The total compensation payable to senior management was as follows:

	2010 £m	2009 £m	2008 £m
Total compensation received by senior management	4.7	5.4	4.2
LTIP	–	–	–
Compensation for loss of office	–	–	0.4
Pension contributions: Defined Contribution Scheme	0.1	0.1	0.1
Total	4.8	5.5	4.7

On 16 June 2010 the Company granted senior management and senior employees 9,393,104 restricted shares and nil cost options under the LTIP. On 19 November 2010 the Company granted a further 47,450,000 restricted shares to senior management and senior employees under the LTIP. In addition, certain employees were granted shares as part of the deferral of their incentive compensation. Further details of these awards are set out in Note 8 above.

In 2008 and 2009 an annual season ticket loan of £5,000 was provided on an interest free basis to one non-Director member of the Company's senior management to purchase commuter travel tickets. As at 31 December 2010, the balance outstanding on the loan was £nil (2009: £nil, 2008: £4,583). The amount repaid during the year was £nil (2009: £4,583, 2008: £5,000). There were no loans to Directors in 2010. Season ticket loans are provided to all GIML employees upon request on the same terms.

Transactions with company jointly controlled by family member of senior management

The wife of a member of senior management owns 50% of, and works for, Marketing in Partnership ("MIP"). MIP provides a range of marketing services to members of the financial services industry. MIP provides a range of marketing services to Gartmore including event management, marketing project management and events. Gartmore also jointly sponsors a number of MIP's industry conferences. All invoices which are required to be paid to MIP are required to be countersigned by the Company Secretary. The Company believes all of its dealings with MIP are on arm's length pricing and terms.

Total amounts invoiced by MIP to the Group during 2010 amounted to £0.5m (2009: £0.3m, 2008: £0.2m). There was no balance outstanding at 31 December 2010 (2009: £nil, 2008: £nil).

Hellman and Friedman

Funds controlled by Hellman and Friedman owned 20.5% of the Company as at 31 December 2010. During the year to 31 December 2010 the Group reimbursed expenses of the Hellman and Friedman non-executive directors amounting to £8,757 (2009: £37,885, 2008: £36,505).

30. Contingent liabilities

VAT charged on pension fund investment management fees

HMRC announced early in 2009 that it will allow a test case by the Wheels Common Investment Fund contending that investment management charges to pension funds should be exempt from VAT rather than standard rate. If the claim is successful certain UK pension funds that are or have been clients of the Group may seek repayment of previously charged VAT. Of any potential payments to clients, a significant proportion would be recoverable either from HMRC or Nationwide Mutual Insurance Company. The Group has submitted protective claims to HMRC in respect of VAT charged on such management fees for the maximum period permissible under the relevant capping legislation amounting to £8.3m to date. As significant uncertainty exists as to the outcome of the case and any potential payments, no provision has been made relating to this issue.

31. Events after the balance sheet date

As part of the strategic review announced by the Company on 8 November 2010, offers for the Company were invited which subsequently led to a conditional offer from Henderson Group plc ("**Henderson Group**") for the entire issued share capital of the Company which was unanimously recommended by the Board and announced to the market on 12 January 2011 (the "**Acquisition**"). It is currently anticipated that the Acquisition will be implemented by way of a scheme of arrangement under section 86 of the Companies Law (2010 Revision) of the Cayman Islands (the "**Scheme of Arrangement**"). For the Acquisition by Henderson Group to proceed, the shareholders of both Henderson Group and the Company are required to support the transaction. In addition, FSA approval for the change of control is required, together with the satisfaction (or waiver) of certain other conditions. It should be noted that shareholders totalling approximately 57% of the issued share capital of the Company have already signed irrevocable undertakings to support the proposed Scheme of Arrangement.

The Henderson Group proposal was announced after the balance sheet date and the Acquisition remains contingent on the shareholder votes and approvals noted above. Therefore the assumptions used in the valuation of assets and liabilities at 31 December 2010 remain unchanged.

However, if the Acquisition proceeds, it will have a material effect on the financial statements, in particular on some of the assumptions made by the Directors in their preparation. It is likely that the following items will be affected:

- Property, plant and equipment – the carrying value of the property, plant and equipment located in the UK at 31 December 2010 was £1.9m.
- Intangible assets; trade name – the carrying value of the trade name at 31 December 2010 was £7.9m. The deferred tax liability related to the trade name is £2.1m.

31. Events after the balance sheet date (continued)

- Long term borrowings – the £243.9m Euro and US Dollar floating rate debt is classified as repayable in more than one year.
- Lease – as explained in Note 27, the Group signed new leases on the Rex Building in September 2010.
- Staff – Gartmore has commenced a voluntary redundancy process and this could lead to significant redundancies across the Group with consequent redundancy costs. In addition, employees who have been awarded share based payments and are made redundant will enjoy “good leaver” status under the Gartmore Group Limited Omnibus Incentive Plan and the vesting of these awards will be accelerated. The estimated additional amount to be charged to the income statement in 2011 on the acceleration of vesting is £7.1m.

GLOSSARY

The following definitions and terms apply throughout this Part IV(A) unless the context requires otherwise:

Admission	admission of the Ordinary Shares to the Official List and to trading on the London Stock Exchange's Main Market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
Alternatives and Alternative Funds	long/short hedge funds;
Articles of Association	the articles of association of the Company, adopted on 8 December 2009 as amended on 11 December 2009;
Audit & Risk Committee	a Committee of the Board;
AUM	assets under management;
Board	the Board of the Directors of the Company from time to time appointed in accordance with the Articles;
Bribery Act	the UK Bribery Act 2010 (which is due to come into force during the course of 2011);
City Code	March 2009 edition of the UK City Code on Takeovers and Mergers;
Combined Code	the UK Combined Code on Corporate Governance published in June 2008 by the UK Financial Reporting Council;
Company	Gartmore Group Limited, a company incorporated in the Cayman Islands with its registered office at Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005;
Compensation ratio	recurring staff costs (being salaries and pensions, variable remuneration and redundancy) divided by net revenue;
Depository Interests	UK securities representing an underlying interest in an overseas security which will be held on trust for the holders of the depository interests;
Directors	the Directors of the Company from time to time;
EBITDA	operating earnings, plus added back depreciation, plus added back tax on share of profit on joint venture, less one-off release of the dilapidations provision, plus added back costs of the strategic review;
EBITDA margin	EBITDA as a percentage of net revenue;
Executive Committee	the decision-making body that oversees the day-to-day management of the Group's business, monitors the control environment and is responsible for ensuring that corporate strategy is implemented. The Committee consists of the Directors of GIML;
Financial Services Authority or FSA	the Financial Services Authority of the United Kingdom;
EEA	European Economic Area;
Gartmore, Gartmore Group or Group	the Company and its consolidated subsidiaries;
GIL	Gartmore Investment Limited, a subsidiary of the Company;
GIML	Gartmore Investment Management Limited, a subsidiary of the Company;
HMRC	Her Majesty's Revenue & Customs;
IAS	International Accounting Standards;
IFRS	International Financial Reporting Standards, as adopted for use in the EU;

Investment Trust	a company quoted on the London Stock Exchange, which invests shareholder funds in the shares of other companies. Unlike OEICs investment trusts are closed ended funds, with a fixed number of shares in circulation, the price of which is determined by supply and demand. This means that an investment trust may trade at a discount or a premium to its net asset value;
IPO	Initial Public Offering;
Joint Venture	the private equity joint venture with Hermes Fund Managers Limited;
KPMG	KPMG Audit Plc; the independent auditors of the Company;
LIBOR	London Interbank Offered Rate;
Listing Rules	the rules relating to admission to the Official List made in accordance with Section 73A(2) of FSMA;
London Stock Exchange	London Stock Exchange plc;
LTIP	Long Term Incentive Plan;
Management Fees	the fee charged periodically for providing fund management services typically calculated by Gartmore as a fixed percentage of AUM;
Mutual Fund or Funds	OEICs, SICAVs and investment trusts;
Nationwide or NMIC	Nationwide Mutual Insurance Company;
Net flows	gross flows less redemptions over a period for investment products;
Net Management Fees	Management Fees less fee and commission expenses;
Non-Executive Directors	the Non-Executive Directors of the Company;
Nomination Committee	a Committee of the Board;
Nominee	Barclays Wealth Trustees (Guernsey) Limited;
OA0	Oxford Acquisition 0 Limited; a subsidiary of the Company;
OAIII	Oxford Acquisition III Limited; a subsidiary of the Company;
OEIC	open-ended investment company, a type of umbrella collective investment scheme in company form that issues or cancels shares for each sub-fund which trade at a single price that reflects the sub-fund's net asset value. Gartmore's individual OEIC funds are structured as sub-funds of umbrella investment companies;
Ordinary Shares	Ordinary shares of £0.005 each in the capital of the Company;
Oxford Partners or OPLP	Oxford Partners, L.P., the parent entity of the Company prior to Admission;
Percentile Ranking	a relative performance comparison to other funds with similar investment goals and style. The lower the percentile ranking, the better the performance. For example, a fund with a percentile ranking of 10 performed better than 90 percent of its peer funds;
Redemption	capital that is withdrawn by investors from mutual funds including where the product is closed. Redemptions are often measured in percentage terms as annual redemptions over AUM at the beginning of the period;
Remuneration Committee	a Committee of the Board;
Segregated Mandates	specific investment mandates managed by the Group for individual institutional clients, normally with a defined benchmark rate of targeted performance;
Senior Credit Agreement or SCA	the senior multicurrency term and revolving agreement entered into by the Company on 11 May 2007;
Senior Management	those members of Gartmore's management team;

Shareholders	holders of Ordinary Shares;
SICAV	Société d'investissement à Capital Variable. A collective investment vehicle structured as an open-ended investment company similar to an OEIC. Gartmore's individual SICAV funds are structured as sub-funds of an overall investment company;
Turnbull Guidance	revised guidance for directors on the Combined Code prepared by the Financial Reporting Council;
UCITS	an Undertaking for Collective Investment in Transferable Securities established under European Council Directive 85/611/EEC as amended;
Underlying cash earnings	profit or loss for the year, adjusted to exclude exchange movements on financing, exceptional items, amortisation and defined benefit pension items, and other non-cash items; and
VAT	Value Added Tax.

1. UNAUDITED PRO-FORMA STATEMENT OF CONSOLIDATED NET ASSETS

Set out below is an unaudited pro-forma statement of consolidated net assets which has been prepared for illustrative purposes only to show the effect of the Proposed Acquisition on the consolidated net assets of Henderson Group as if it had occurred on 31 December 2010. The unaudited pro-forma statement of consolidated net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent Henderson Group's actual consolidated financial position or results. This unaudited pro-forma statement of consolidated net assets does not take into account trading of either the Group or the Gartmore Group subsequent to the balance sheet date of 31 December 2010. The unaudited pro-forma statement of consolidated net assets is stated on the basis of the accounting policies of Henderson Group.

	Adjustments			Pro-forma Combined Group £m Note 4
	The Group 31 December 2010 £m Note 1	Gartmore Group 31 December 2010 £m Note 2	Acquisition accounting Adjustments £m Note 3	
ASSETS				
Non-current				
Intangible assets	345.0	306.6	186.0	837.6
Investments accounted for using the equity method	6.8	2.6	–	9.4
Plant and equipment	21.2	2.1	–	23.3
Retirement benefit asset	112.5	–	–	112.5
Deferred tax asset	30.3	4.3	–	34.6
Deferred acquisition and commission costs	58.3	–	–	58.3
	574.1	315.6	186.0	1,075.7
Current				
Available-for-sale financial assets	46.6	–	–	46.6
Financial assets at fair value through profit and loss	1.2	9.2	–	10.4
Trade and other receivables	141.6	60.7	–	202.3
Current tax	–	1.2	–	1.2
Deferred acquisition and commission costs	55.3	–	–	55.3
Cash and cash equivalents	176.6	197.1	–	373.7
	421.3	268.2	–	689.5
Total assets	995.4	583.8	186.0	1,765.2
LIABILITIES				
Non-current				
Long term borrowings	(179.1)	(246.1)	–	(425.2)
Retirement benefit obligations	(6.2)	(0.3)	–	(6.5)
Provisions	(25.3)	(1.0)	–	(26.3)
Trade and other payables	–	(2.5)	–	(2.5)
Deferred tax liabilities	(50.1)	(18.0)	–	(68.1)
Deferred income	(58.4)	–	–	(58.4)
	(319.1)	(267.9)	–	(587.0)
Current				
Trade and other payables	(222.0)	(104.4)	(9.0)	(335.4)
Provisions	(27.4)	(0.3)	–	(27.7)
Deferred income	(56.3)	–	–	(56.3)
Current tax liabilities	(15.7)	(5.1)	–	(20.8)
	(321.4)	(109.8)	(9.0)	(440.2)
Total liabilities	(640.5)	(377.7)	(9.0)	(1,027.2)
Net assets	354.9	206.1	177.0	738.0

Notes to unaudited pro-forma statement of consolidated net assets:

1. The Group's balance sheet as at 31 December 2010 has been extracted without material adjustment from the audited consolidated financial statements of Henderson Group for the year ended 31 December 2010, published on 23 February 2011.
2. The Gartmore Group's balance sheet as at 31 December 2010 has been extracted without material adjustment from the audited consolidated financial statements of Gartmore set out in Part IV(A) of this document.
3. The acquisition accounting adjustments reflect the exchange of all of the issued Gartmore Shares with New Henderson Group Shares at the Effective Date. The Proposed Acquisition has been accounted for using the acquisition method of accounting. The excess value of consideration over the book value of net tangible liabilities acquired has been reflected as goodwill within the Combined Group's intangible assets.

The increase in intangible assets has been calculated as follows:

	£m
Equity consideration ⁽¹⁾	392.1
Gartmore Group net liabilities ⁽²⁾	100.5
Goodwill ⁽³⁾	492.6
Less Gartmore intangible assets at 31 December 2010	(306.6)
Net change in intangible assets	186.0

⁽¹⁾ Equity consideration is based on 242,639,403 New Henderson Group Shares issued based on the Henderson Group Share price on 25 February 2011 (the latest practicable date prior to publication of this document) of 161.6 pence per Henderson Group Share.

⁽²⁾ Gartmore Group net tangible liabilities of £100.5m represents Gartmore Group's gross assets (£583.8m) less gross liabilities (£377.7m) as at 31 December 2010, after de-recognising Gartmore Group's intangible assets as at 31 December 2010 (£306.6m) on acquisition, as required under IFRS.

⁽³⁾ Goodwill has been arrived at by taking the total equity consideration of £392.1m and adding the net tangible liabilities acquired of £100.5m.

The goodwill calculation shown above is based on estimated pro-forma numbers and does not reflect all the fair value adjustments that may result from the Proposed Acquisition at the Effective Date. Such adjustments would include the recognition of an intangible asset arising from the acquired investment management contracts held by Gartmore Group, giving rise to a deferred tax liability as required under IFRS.

The deal costs to be incurred by the Group in connection with the Proposed Acquisition are expected to be £9m.

4. This represents the unaudited pro-forma consolidated balance sheet for the Combined Group based on the Group's and Gartmore Group's balance sheets as at 31 December 2010 adjusted for acquisition accounting impact as set out in note 3 above.

The unaudited pro-forma consolidated statement of net assets does not take into account any post balance sheet trading activities. Accordingly, the integration costs estimated to be incurred in connection with the Proposed Acquisition of £61m have not been included as the timing of these costs is likely to take place after the Effective Date.

2. EXPECTED EFFECT OF THE TRANSACTION ON CONSOLIDATED EARNINGS

Had the Proposed Acquisition occurred on 1 January 2010, the income statement for the year ended 31 December 2010 would have presented the combined results of the Group and Gartmore Group adjusted as follows:

- A one-off reduction in profit after tax on the recognition of deal costs incurred in connection with the Proposed Acquisition; and
- A continuing reduction in profit after tax due to an increase in intangible amortisation, as a result of recognising an intangible asset arising from the Proposed Acquisition, as set out in note 3 above, in respect of Gartmore Group's acquired investment management contracts.

3. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO-FORMA STATEMENT OF CONSOLIDATED NET ASSETS



Ernst & Young LLP
1 More London Place
London SE1 2AF

Tel: 020 7951 2000
Fax: 020 7951 1345

The Directors
Henderson Group plc
47 Esplanade
St. Helier
Jersey JE1 0BD

1 March 2011

Dear Sirs

Henderson Group plc's proposed acquisition of Gartmore Group Limited

We report on the pro forma Statement of Consolidated Net Assets of the Combined Group (the "Pro Forma Financial Information") set out in Part IV(B) of the Circular dated 1 March 2011, which has been prepared on the basis described in paragraph 1 of Part IV(B), for illustrative purposes only, to provide information about how the Proposed Acquisition might have affected the financial information presented on the basis of the accounting policies adopted by Henderson Group in preparing the financial statements for the year ended 31 December 2010. This report is required by Listing Rule 13.3.3R and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is addressed and which we may have to Henderson Group Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

Responsibilities

It is the responsibility of the directors of Henderson Group to prepare the Pro Forma Financial Information in accordance with Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as required by Listing Rule 13.3.3R, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Henderson Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Henderson Group.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

1. the Pro Forma Financial Information has been properly compiled on the basis stated; and
2. such basis is consistent with the accounting policies of Henderson Group.

Yours faithfully

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.

1. RESPONSIBILITY

The Directors, whose names appear in paragraph 4 of this Part V, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DISCLOSURES INCORPORATED BY REFERENCE

The following disclosures are incorporated by reference into this document:

<i>Document</i>	<i>Section incorporated by reference into the Circular</i>	<i>Page numbers</i>
Henderson Group 2008 Annual Report and Accounts	Note 31 Note 21	76 61-66
Henderson Group 2009 Annual Report and Accounts	Note 31 Note 21	87 73-78
Henderson Group 2010 Full Year Results Announcement	Note 31 Note 21	56 42-47
Henderson Group 2010 Full Year Results Announcement	Entire Announcement	

3. INFORMATION REQUIRED UNDER THE ASX LISTING RULES

The following information in relation to the New Henderson Group Shares is required to be given to Henderson Group Shareholders under the ASX Listing Rules:

- the maximum number of New Henderson Group Shares to be issued is 242,639,403;
- Henderson Group expects to issue the New Henderson Group Shares to Gartmore Shareholders (or to CDN on behalf of Gartmore Shareholders) pursuant to the Proposed Acquisition on or around 4 April 2011;
- Henderson Group will issue 0.6667 of a New Henderson Group Share for each Gartmore Share to be acquired, so that the effective issue price of the New Henderson Group Shares will be the Closing Price per Henderson Group Share on the last day of dealings in Gartmore Shares (currently scheduled for 1 April 2011). Fractions of New Henderson Group Shares will not be allotted or issued to holders of Gartmore Shares but will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to persons entitled thereto. However, individual entitlements to amounts of less than £5 will be retained for the benefit of Henderson Group;
- there will be no funds raised from the issue of New Henderson Group Shares as the issue of New Henderson Group Shares will be in consideration for the transfer by Gartmore Shareholders of all of their shares in Gartmore to Henderson Group; and
- the New Henderson Group Shares will, when issued, be credited as fully paid and will rank *pari passu* with the existing Henderson Group Shares from the date of issue including the right to receive and retain dividends and other distributions (if any) paid by reference to a record date after the Effective Date. In addition, the New Henderson Group Shares will rank for the 2010 Final Dividend if they are in issue on the payment date for such dividend. As announced on 23 February 2011, the Board has recommended a final dividend of 4.65 pence per Henderson Group Share to be payable on 27 May 2011, subject to the approval of Henderson Group Shareholders at the Henderson Group 2011 Annual General Meeting. Henderson Group has agreed that if the 2010 Final Dividend is paid before the Effective Date, it will compensate Gartmore Shareholders by making a cash payment of an amount equivalent to the 2010 Final Dividend for each New Henderson Group Share.

4. DIRECTORS AND REGISTERED OFFICE

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

Rupert Pennant-Rea	<i>Non-Executive Chairman</i>
Andrew Formica	<i>Chief Executive</i>
Shirley Garrood	<i>Chief Financial Officer</i>
Gerald Aherne	<i>Non-Executive Director</i>
Duncan Ferguson	<i>Non-Executive Director</i>
Tim How	<i>Non-Executive Director</i>
Robert Jeans	<i>Non-Executive Director</i>

The registered office of Henderson Group is at 47 Esplanade, St Helier, Jersey JE1 0BD (telephone number +44 (0)1534 835600). Henderson Group is incorporated in Jersey with registered number 101484.

5. DIRECTORS' INTERESTS

5.1 Directors' interests in shares

The interests of the Directors in the share capital of Henderson Group as at 25 February 2011 (the latest practicable date prior to the date of this document), are as follows:

Name of Director	Number of Henderson Group Shares	Percentage of existing issued capital	Percentage of enlarged share capital ¹
Rupert Pennant-Rea	51,333	0.0%	0.0%
Andrew Formica	3,498,822	0.4%	0.3%
Shirley Garrood	1,004,235	0.1%	0.1%
Gerald Aherne	9,571	0.0%	0.0%
Duncan Ferguson	13,688	0.0%	0.0%
Tim How	5,898	0.0%	0.0%
Robert Jeens	5,845	0.0%	0.0%

Note:

1. Following the issue of the New Henderson Group Shares on the Effective Date, assuming that 242,639,403 New Henderson Group Shares are issued pursuant to the Proposed Acquisition.

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

The interests of the Directors in share awards under various share schemes of Henderson Group as at 25 February 2011, are as follows:

Name of Director	Save As You Earn Plan	Buy As You Earn Plan	Company Share Option Plan	Deferred Equity Plan	Employee Share Ownership Plan	Restricted Share Plan	Maximum Long-term Incentive Plan award
Andrew Formica	15,721	40,235	0	296,153	55,384	2,456,138	3,425,000
Shirley Garrood	15,721	40,235	41,000	152,917	55,384	0	1,500,000

6. DIRECTORS' SERVICE AGREEMENTS AND ARRANGEMENTS

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

Name	Position	Annual basic salary	Date of Service Agreement
Andrew Formica	Chief Executive	£350,000	5 November 2008
Shirley Garrood	Chief Financial Officer	£300,000	26 August 2009

6.1 Terms of service agreements and benefits

Andrew Formica

Mr Formica is employed by Henderson Group as Chief Executive, pursuant to a service agreement dated 5 November 2008. Mr Formica's annual base salary is £350,000 of which £60,000 is paid in euro in respect of his Irish duties. Mr Formica may receive an annual bonus at the discretion of the Board Remuneration Committee, an element of which is subject to mandatory deferral for a period of three years. Mr Formica may also be granted shares and/or options under the Henderson Group Share Plans.

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

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

Shirley Garrood

Mrs Garrood is employed by Henderson Group as Chief Financial Officer, pursuant to a service agreement dated 26 August 2009. Mrs Garrood's annual base salary is £300,000 of which £50,000 is paid in euro in respect of her Irish duties. Mrs Garrood may receive an annual bonus at the discretion of the Board Remuneration Committee an element of which is subject to mandatory deferral for a period of three years. Mrs Garrood may also be granted shares and/or options under the Henderson Group Share Plans.

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

Mrs Garrood participates in the non-contributory section of the Henderson Group Pension Scheme providing scheme benefits on a defined contribution basis. She receives a company contribution of 11.5 per cent. of pensionable salary up to the Henderson Group Pension Scheme's earnings cap for each year of pensionable service. Mrs Garrood also has a lump sum life assurance benefit of four times her salary, permanent health insurance and medical insurance.

6.2 Details of the Non-Executive Directors

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

Name	Position	Annual fee/salary	Date of appointment	Date of expiry of current term	Notice period
Rupert Pennant-Rea	Non-Executive Chairman	£180,000	1 Oct 2004	30 Sep 2011	1 month
Gerald Aherne	Non-Executive Director	£75,000	1 Oct 2004	30 Sep 2011	1 month
Duncan Ferguson	Non-Executive Director	£75,000	1 Jul 2004	4 May 2011	1 month
Tim How	Non-Executive Director	£60,000	28 Nov 2008	27 Nov 2011	1 month
Robert Jeens	Non-Executive Director	£75,000	29 July 2009	28 July 2012	1 month

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

The basic fee payable to the Chairman is £180,000 per annum and the basic fee payable to each of the Non-Executive Directors is £55,000 per annum.

The additional fees payable to the Non-Executive Directors that chair the Audit, Remuneration and Risk Committees are £20,000 per annum. Robert Jeens is the Chairman of the Audit Committee, Gerald Aherne is the Chairman of the Remuneration Committee and Duncan Ferguson is Chairman of the Risk Committee. Tim How is the Senior Independent Director for which he receives an additional fee of £5,000 per annum.

£20,000 of the fee paid to the Chairman of the Board, £5,000 of the fees paid to the other Non-Executive Directors and £5,000 of the additional fees paid to the Chairman of each of the Audit, Remuneration and Risk Committees are paid in the form of Henderson Group Shares. These shares are purchased on-market on an annual basis.

A proportion of the cash element of the Chairman's and other Non-Executive Directors' annual basic fee and additional fees is paid in euro in respect of their Irish duties.

The Board Chairman and other Non-Executive Directors do not participate in any of the Group's bonus, incentive or pension schemes, nor are they entitled to any retirement benefits.

6.3 Reimbursement of expenses

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

6.4 Term of appointment

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

7. SUBSTANTIAL SHAREHOLDINGS

As at 25 February 2011 (the latest practicable date prior to the publication of this document), so far as the Directors are aware, no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of Henderson Group:

Name	Total holding	Percentage of issued share capital	Percentage of enlarged share capital ¹
Perpetual Limited	112,685,477	13.5%	10.4%
JCP Investment Partners Limited	53,769,510	6.4%	5.0%
Lansdowne Partners Limited Partnership	45,098,010	5.4%	4.2%
Blackrock, Inc.	41,389,306	5.0%	3.8%
Suncorp-Metway Limited	37,811,932	4.5%	3.5%
Legal & General Group plc	28,833,257	3.4%	2.7%
Total	319,587,492	38.2%	29.6%

Note:

1. Following the issue of the New Henderson Group Shares on the Effective Date, assuming that 242,639,403 New Henderson Group Shares are issued pursuant to the Proposed Acquisition.

8. MATERIAL CONTRACTS

8.1 Henderson Group

The following contracts (not being contracts entered into in the ordinary course of business) have either (i) been entered into by Henderson Group or one of its subsidiary undertakings within the two years immediately preceding the date of this document and are or may be material; or (ii) been entered into by Henderson Group or one of its subsidiary undertakings and contain a provision under which a member of the Group has an obligation or entitlement which is or may be material, in each case as at the date of this document.

Implementation Agreement

Gartmore and Henderson Group have entered into the Implementation Agreement in relation to the implementation of the Proposed Acquisition and related matters. Pursuant to the Implementation Agreement, Gartmore and Henderson Group have agreed, among other things, to use all reasonable endeavours to implement the Proposed Acquisition on a timely basis and in accordance with an agreed indicative timetable.

The key terms of the Implementation Agreement, in summary, are as follows:

- (A) Gartmore has agreed to implement the Proposed Acquisition by way of the Scheme (or, at the option of Henderson Group, by way of the Takeover Offer) in accordance with the conditions of the Proposed Acquisition and, so far as reasonably possible, the agreed timetable.
- (B) Gartmore and Henderson Group have agreed to comply (and each of them shall procure that each of their directors and each of their subsidiary undertakings and in the case of Henderson Group, each person acting in concert with it in relation to Gartmore shall comply) with the general principles and rules of the City Code in the conduct and execution of the Proposed Acquisition as if the City Code applied in full to the Proposed Acquisition.
- (C) Gartmore has agreed to carry on its business in the ordinary course and not to undertake any material commitment (being equal to or in excess of £5m whether alone or when combined with other matters) other than in the ordinary course without Henderson Group's prior consent.
- (D) Gartmore has agreed that it will not solicit, initiate, enter into or participate in any discussions or negotiations or otherwise communicate with any person in relation to any actual or potential Competing Proposal (other than as required by the Implementation Agreement).
- (E) Gartmore has agreed that it shall immediately notify Henderson Group of any approach that is made or any circumstances indicating that an approach is likely to be made to Gartmore in relation to any Competing Proposal and shall keep Henderson Group informed as to the progress of such Competing Proposal.
- (F) Gartmore has agreed to pay Henderson Group a break fee of £3.4m if:
 - (i) the Gartmore Directors (or any committee thereof) either:
 - (a) fail unanimously and without qualification to recommend the Proposed Acquisition; or
 - (b) withdraw, qualify or adversely modify or qualify their unanimous and unqualified recommendation of (or their intention so to recommend) the Proposed Acquisition,and in either case there is a change of control as a result of a Competing Proposal becoming effective, becoming or being declared unconditional in all respects or being otherwise completed; or
 - (ii) there is a change of control as a result of a Competing Proposal becoming effective, becoming or being declared unconditional in all respects or being otherwise completed; or
 - (iii) at any time after the Scheme is approved but before the Court Order is granted, the Gartmore Directors do not proceed with the Scheme and there is a change of control as a result of a Competing Proposal becoming effective, becoming or being declared unconditional in all respects or being otherwise completed.
- (G) The Implementation Agreement will terminate in certain circumstances, including:
 - (i) as agreed in writing between Gartmore and Henderson Group at any time prior to completion of the Proposed Acquisition;
 - (ii) if the Scheme lapses or terminates, unless Henderson Group has elected prior to such time or elects within five Business Days following such time to implement the Proposed Acquisition by way of the Takeover Offer;
 - (iii) if Henderson Group elects to implement the Proposed Acquisition by way of the Takeover Offer, the Takeover Offer lapses, is withdrawn by Henderson Group or otherwise ceases to be capable of becoming or being declared wholly unconditional;
 - (iv) upon service of a notice by Henderson Group on Gartmore if at any time prior to satisfaction of the conditions of the Proposed Acquisition there is a Competing Proposal (or any other amendment, variation or revision of such proposal) pursuant to which a bona fide third party has acquired at least 50 per cent. of the issued share capital of Gartmore;
 - (v) upon service of a notice by Henderson Group on Gartmore if the recommendation of the Gartmore Directors contained in the Announcement is withdrawn, qualified or modified adversely at any time prior to the Court Hearing;
 - (vi) upon service of a notice by Gartmore on Henderson Group if the directors of Henderson Group do not recommend that Henderson Group Shareholders vote in favour of the resolution to be proposed at the General Meeting or their recommendation is withdrawn, qualified or modified adversely at any time prior to the General Meeting;
 - (vii) upon service of a notice by Henderson Group on Gartmore if any of the conditions of the Proposed Acquisition have become incapable of being satisfied; and/or
 - (viii) if the Effective Date has not occurred by 31 May 2011.

Facilities Agreement

On 12 January 2011, Henderson Group entered into a £275m committed multicurrency term and revolving loan facilities agreement with HSBC Bank plc, The Royal Bank of Scotland plc and UBS AG, London Branch (as the mandated lead arrangers and original lenders) and The Royal Bank of Scotland plc (as the agent). Loans may, following the Effective Date, be used by Henderson Group (or, if applicable, HGI Group Limited) to meet the Combined Group's ongoing debt obligations, including any which might arise on the change of control of Gartmore, and for general corporate and working capital purposes. Any loans drawn will bear interest at a variable annual rate, based on Libor or, as the case may be, Euribor plus an applicable margin plus mandatory costs (if any).

The obligations of Henderson Group are irrevocably and unconditionally guaranteed on a joint and several basis by HGI Group Limited, Henderson Global Investors Limited, Henderson Investment Funds Limited and Henderson Fund Management Limited and the obligations of HGI Group Limited are irrevocably and unconditionally guaranteed on a joint and several basis by Henderson Group,

Henderson Global Investors Limited, Henderson Investment Funds Limited and Henderson Fund Management Limited. Within 30 days of the Effective Date, Gartmore will also accede to the Facilities Agreement as a guarantor of the obligations of Henderson Group and HGI Group Limited thereunder.

The Facilities Agreement includes terms customary for facilities of this type. These include representations and warranties, covenants and undertakings and events of default, which Henderson Group believes are on normal commercial terms for facilities of this type.

8.2 Gartmore

The following contracts (not being contracts entered into in the ordinary course of business) have either (i) been entered into by Gartmore or one of its subsidiary undertakings within the two years immediately preceding the date of this document and are or may be material; or (ii) been entered into by Gartmore or one of its subsidiary undertakings and contain a provision under which a member of the Gartmore Group has an obligation or entitlement which is or may be material, in each case as at the date of this document.

Deed of Contribution

A Deed of Contribution between Gartmore JV Limited ("**Gartmore JV**"), a subsidiary of Gartmore, Hermes Fund Managers Limited ("**Hermes**") and HG Amalgam LLP (the "**LLP**") dated 9 October 2009 which was amended and restated in its entirety on 24 December 2009 and further amended on 1 April 2010 (the "**Deed of Contribution**") pursuant to which Gartmore JV and Hermes agreed to contribute the private equity fund of fund businesses operated by each of Gartmore JV and Hermes and their respective affiliates to the LLP (such businesses being the "**Gartmore JV Business**" and the "**Hermes Business**" respectively). Gartmore Group's private equity AUM (which was £1.0bn as at 30 September 2009) was transferred to the LLP, along with £1.5m for its share of the LLP's working capital.

In addition to agreeing to contribute the Gartmore JV Business and the Hermes Business, each party agreed to procure the termination of management agreements with certain funds to which each is a party and the appointment of the LLP as investment manager/ adviser (as the case may be) to such funds under successor mandates.

Completion of the Deed of Contribution was conditional upon:

- various regulatory clearances being obtained from the FSA and the Securities Exchange Commission and relevant competition clearances being received;
- an LLP Deed being entered into by Gartmore JV, Hermes, Hermes Secretariat Limited and the LLP; and
- written approval of the joint venture by Oxford Partners L.P. having been obtained.

The last of these conditions was satisfied on 1 April 2010 and contribution of the Gartmore JV Business and the Hermes Business to the LLP occurred on that date ("**Completion**").

Under the Deed of Contribution, Gartmore JV and Hermes have given warranties in relation to the Gartmore JV Business and the Hermes Business respectively.

Each of Gartmore JV and Hermes shall continue to be responsible for discharging all debts and liabilities incurred by them prior to Completion and will indemnify the LLP against all losses, liabilities, costs and expenses which the LLP may incur in connection with either Gartmore JV's or Hermes' ownership or operation of the Gartmore JV Business and the Hermes Business respectively or the assets which are being contributed to the LLP pursuant to the Deed of Contribution, prior to Completion. This includes any tax liabilities incurred by either Gartmore JV or Hermes prior to Completion.

Claims under the Deed of Contribution are subject to certain financial and time limitations. As well as customary de minimis thresholds for claims, the overall cap on the aggregate liability of each of Gartmore JV and Hermes in respect of the Deed of Contribution and all claims relating thereto is limited to £5m for Gartmore and £25m for Hermes. Subject to certain exceptions, each of Gartmore JV and Hermes liability for claims other than claims relating to tax expires two years after Completion. Claims arising in respect of any of the tax warranties set out in the Deed of Contribution may be brought up to six years after Completion. The time limits in respect of bringing claims are subject to an additional condition that proceedings in respect of any such claim must have been issued and validly served by either Gartmore JV or Hermes on the other party, or by the LLP against one of them, within six months from the date of notification of such claim, or all and any liability of the party against whom the claim has been brought shall be extinguished.

The Deed of Contribution is governed by the laws of England.

Implementation Agreement

Gartmore is a party to the Implementation Agreement described at paragraph 8.1 of this Part V.

9. LITIGATION

Certain members of the Group have received correspondence threatening litigation on behalf of certain undisclosed institutional investors in Henderson PFI Secondary Fund II L.P. The most recent correspondence in relation to this threatened litigation was in October 2010. As at 25 February 2011 (the latest practicable date prior to the publication of this document), no legal proceedings have been served in respect of these matters and, were any such proceedings to be commenced, they would be vigorously defended. Any potential claim amounts cannot be quantified at this point.

Other than as set out above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which Henderson Group is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of Henderson Group and/or the Group.

As referred to in paragraph 5 of Part I of this document, in June 2010 the FSA commenced an investigation into the conduct of a former key fund manager of the Gartmore Group. No investigation is being carried out in respect of any member of the Gartmore Group. It is believed that publicity in connection with this matter resulted in outflows of Gartmore Group AUM and consequent reductions in fees. However, it is not expected that the investigation will have any further significant impact on the financial position or profitability of the Gartmore Group.

Save for the FSA investigation referred to above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which Henderson Group is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of Gartmore and/or the Gartmore Group.

10. RELATED PARTY TRANSACTIONS

Save as disclosed in the financial information set out in:

- note 31 on page 56 and note 21 on pages 42 to 47 of the Henderson Group 2010 Full Year Results Announcement incorporated by reference into this document;
- note 31 on page 87 and note 21 on pages 73 to 78 of the consolidated financial statements of Henderson Group for the year ended 31 December 2009 incorporated by reference into this document; and
- note 31 on page 76 and note 21 on pages 61 to 66 of the consolidated financial statements of Henderson Group for the year ended 31 December 2008 incorporated by reference into this document,

no member of the Group has entered into any related party transactions during the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 and during the period between 1 January 2011 and 25 February 2011 (the latest practicable date prior to the publication of this document).

11. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 31 December 2010, being the date to which Henderson Group prepared its last published audited consolidated financial statements.

There has been no significant change in the financial or trading position of the Gartmore Group since 31 December 2010, being the date to which Gartmore prepared its last published audited consolidated financial statements.

12. WORKING CAPITAL

In the opinion of Henderson Group, and after taking into account cash balances, bank and other facilities available to it, the working capital available to the Combined Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.

13. CONSENTS

Ernst & Young LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its consent to the inclusion in this document of references to its name and its report on the unaudited pro-forma statement of consolidated net assets in Part IV(B) of this document, in the form and context in which they appear.

UBS and Ondra Partners have given and have not withdrawn their consent to the inclusion in this document of references to their name in the form and context in which they appear.

14. PRESENTATION OF CERTAIN INFORMATION

Unless otherwise indicated, all references in this document to "sterling", "£" or "p" are to the currency of the UK. Henderson Group and Gartmore prepare their consolidated financial statements in sterling.

Some numerical figures (including percentages) in this document have been rounded. As a result, figures shown as totals in tables and otherwise may not be the exact arithmetical aggregation of the rounded figures that precede them.

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in the section headed "Definitions".

15. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (A) the memorandum of Henderson Group and the Articles;
- (B) the audited consolidated financial statements of each of Henderson Group and Gartmore for each of the years ended 31 December 2008, 2009 and 2010;
- (C) the letters of consent referred to in paragraph 13 of this Part V;
- (D) the unaudited pro-forma statement of consolidated net assets of the Combined Group and the report thereon;
- (E) this Circular;
- (F) the Prospectus
- (G) the Implementation Agreement; and
- (H) the Scheme Document.

16. BASES AND SOURCES OF INFORMATION

- (A) Unless otherwise stated, the financial information on Henderson Group is extracted, without material adjustment, from Henderson Group's audited consolidated financial statements for the relevant financial year.
- (B) Unless otherwise stated, the financial information on Gartmore is extracted, without material adjustment, from Gartmore's audited consolidated financial statements for the relevant financial year.
- (C) The value of the Proposed Acquisition is calculated:
- by reference to a price of 161.6 pence per Henderson Group Share (the Closing Price on 25 February 2011, the latest practicable date prior to publication of this document); and
 - on the basis of the issued ordinary share capital of Gartmore referred to in paragraph (E) below.
- (D) The percentage of the enlarged share capital of Henderson Group that Gartmore Shareholders, the Directors and the substantial shareholders of Henderson Group will hold at the Effective Date is calculated on the basis of:
- the issued ordinary share capital of Henderson Group referred to in paragraph (E) below; and
 - assuming that 242,639,403 New Henderson Group Shares are issued.
- (E) As at the close of business on 25 February 2011 (the latest practicable date prior to publication of this document) Gartmore had 363,940,908 ordinary shares of £0.005 each in issue; and Henderson Group had 835,835,898 ordinary shares of 12.5 pence each, including 556,594,488 CDIs representing ordinary shares, in issue.
- (F) Gartmore Group's AUM of £17.2bn as at 31 December 2010 is stated without reference to notified redemptions. Taking into account notified redemptions received by the Gartmore Group as at 7 January 2011 of £0.7bn in aggregate (comprising £0.5bn from alternative funds (including £0.2bn for the January 2011 dealing day), £0.1bn from mutual funds and £0.1bn from segregated mandates), the Gartmore Group's AUM as at 31 December 2010, taking into account all notified redemptions as at 7 January 2011, was £16.5bn.
- (G) The net revenue run-rate for the Gartmore Group has been calculated by the application of historic realisation rates, in respect of net management, performance and transaction fees, to AUM as at 31 December 2010 (after taking into account notified redemptions as at 7 January 2011).
- (H) The operating margin has been calculated by deducting the expenditure base of the Gartmore Group, taking into account expected future cost synergies, from the net revenue run-rate as calculated in paragraph (G) above.
- (I) The statement that no single fund manager would at completion of the Proposed Acquisition manage more than 6 per cent. of AUM is based on the Combined Group's AUM of £78.1bn as at 31 December 2010 and by reference to the largest amount of such AUM managed by any single fund manager of the Combined Group as at 31 December 2010.

Dated: 1 March 2011

DEFINITIONS

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

"2010 Final Dividend"	Henderson Group's final dividend for the financial year 2010 of 4.65 pence as announced on 23 February 2011 and which will be proposed for approval at the Henderson Group 2011 Annual General Meeting;
"Admission"	the admission of the New Henderson Group Shares to the Official List with a premium listing in accordance with the Listing Rules and the admission of the New Henderson Group Shares to trading on the LSE's main market for listed securities;
"Admission to Listing and Trading Acknowledgements"	(a) an acknowledgement by the UK Listing Authority that the application for the admission of the New Henderson Group Shares to the Official List with a premium listing has been approved and will become effective as soon as a notice pursuant to Listing Rule 3.2.7G has been issued by the FSA and any conditions to which such approval is expressed to be subject having been satisfied and an acknowledgement by the LSE that such shares will be admitted to trading; and (b) Henderson Group or its agent not having received any notice that the ASX will refuse or not grant official quotation to the New CDIs to be issued to any Gartmore Shareholders;
"Announcement"	the announcement made on 12 January 2011 of the Proposed Acquisition;
"Articles"	the articles of association of Henderson Group;
"ASX"	ASX Limited (ABN 98 008 624 691);
"ASX Listing Rules"	the listing rules of the ASX;
"ASX Settlement Operating Rules"	the operating rules of the settlement facility provided by ASX;
"AUM"	assets under management;
"Barclays Wealth"	Barclays Wealth Trustees (Guernsey) Limited;
"Barclays Wealth Nominee Arrangements"	the arrangements pursuant to the Deeds of Undertaking dated 20 November 2009 and 3 December 2009 whereby Barclays Wealth has agreed to act as nominee in respect of certain Gartmore Shares;
"Board" or "Directors"	the board of directors of Henderson Group at the date of this Circular;
"Business Day"	a day (other than a Saturday or Sunday) on which banks in the City of London and in Sydney are generally open for business;
"Cayman Companies Law"	The Companies Law (2010 Revision) of the Cayman Islands, as revised and consolidated;
"Chairman"	the chairman of the General Meeting;
"CDI Holders"	holders of the CDIs;
"CDIs"	CHESS Depositary Interests issued by CDN, where each CDI represents a beneficial interest in one Henderson Group Share;
"CDI Voting Instruction Form"	the voting instruction form to be used in connection with the General Meeting, as referred to in paragraph 17 of the letter from the Chairman of Henderson Group set out in Part I of this document;
"CDN"	CHESS Depositary Nominees Pty Limited (ABN 75 071 346 506) in its capacity as depositary of the CDIs under the ASX Settlement Operating Rules;
"Circular"	this document;
"City Code"	the UK City Code on Takeovers and Mergers;
"City Code Expert"	the expert appointed pursuant to the Implementation Agreement to determine the application of the provisions of the City Code to the Proposed Acquisition;
"Closing Price"	the closing middle-market quotation of a Gartmore Share or a Henderson Group Share (as the context requires) as derived from the daily official list of the LSE;
"Combined Group"	the Group following completion of the Proposed Acquisition;

"Competing Proposal"	any offer, scheme of arrangement, merger or business combination, or similar transaction which is announced or entered into by a third party which is not acting in concert with Henderson Group, including any revisions thereof, the purpose of which is, or would be, to enable that third party to acquire, directly or indirectly, all or a significant proportion (being 50 per cent. or more when aggregated with the shares already held by the third party and any person acting in concert with that third party) of the share capital of Gartmore or all or a significant proportion (being 50 per cent. or more) of its undertaking, assets or business or any other arrangement or transaction between Gartmore (and/or any member of the Gartmore Group) and any third party which is or would be inconsistent with implementation of the Proposed Acquisition;
"Court"	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom;
"Court Hearing"	the hearing by the Court of the petition for the sanctioning of the Scheme under section 86 of the Cayman Companies Law;
"Court Meeting"	the meeting of the Gartmore Shareholders (and any adjournment thereof) to be convened by order of the Court pursuant to section 86 of the Cayman Companies Law to consider and, if thought fit, to approve the Scheme (with or without amendment);
"Court Order"	the order of the Court sanctioning the Scheme under section 86 of the Cayman Companies Law;
"CREST"	the computer system (as defined in the CREST Regulations) of which Euroclear is the authorised operator (as defined in the CREST Regulations);
"CREST Regulations"	the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended;
"Disclosure and Transparency Rules"	the disclosure and transparency rules made by the UK Listing Authority under Part VI of FSMA as amended from time to time;
"Effective Date"	the date upon which (i) the Proposed Acquisition takes effect in accordance with the terms of the Scheme and references in this document to "completion of the Proposed Acquisition" mean the Proposed Acquisition taking effect or (ii) if Henderson Group elects to implement the Proposed Acquisition by way of the Takeover Offer, the Takeover Offer becomes or is declared unconditional in all respects;
"Euribor"	the percentage rate per annum determined by the Banking Federation of the European Union for the relevant interest period of a loan drawn under the Facilities Agreement (or, if such rate is unavailable, the arithmetic mean of the rates quoted by the reference banks specified in the Facilities Agreement to leading banks in the London interbank market for the offering of deposits in euro and for the relevant interest period of a loan drawn under the Facilities Agreement);
"euro"	euro, the legal currency of the European Monetary Union;
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales;
"Facilities Agreement"	the £275m committed multicurrency term and revolving loan facilities agreement between Henderson Group, HSBC Bank plc, The Royal Bank of Scotland plc and UBS AG, London Branch (as the mandated lead arrangers and original lenders) and The Royal Bank of Scotland plc (as the agent) dated 12 January 2011;
"Form of Proxy"	the form of proxy to be used in connection with the General Meeting, as referred to in paragraph 17 of the letter from the Chairman of Henderson Group set out in Part I of this document;
"FSA"	the Financial Services Authority of the UK and any successor authorities;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Future Underlying Earnings"	Underlying Earnings excluding the cost of the November 2010 awards under the Gartmore Omnibus Incentive Plan;
"Gartmore"	Gartmore Group Limited;
"Gartmore 2010 Preliminary Results Announcement"	the full year 2010 preliminary results announcement released by Gartmore on 23 February 2011;
"Gartmore Board"	the board of directors of Gartmore from time to time;
"Gartmore Depository"	Capita IRG Trustees Limited;

"Gartmore Depository Interests"	the dematerialised depository interests in respect of the Gartmore Shares issued by the Gartmore Depository;
"Gartmore Directors"	the directors of Gartmore from time to time;
"Gartmore Group"	Gartmore and its subsidiary undertakings;
"Gartmore Omnibus Incentive Plan"	the Gartmore Group Limited Omnibus Incentive Plan, as amended by the Gartmore Remuneration Committee on 28 May 2010;
"Gartmore Shareholders"	holders of Gartmore Shares and/or, where the context so requires, holders of Gartmore Depository Interests;
"Gartmore Shares"	ordinary shares of £0.005 each in the capital of Gartmore and/or, where the context so requires, Gartmore Depository Interests;
"General Meeting"	the general meeting of Henderson Group Shareholders (and any adjournment thereof) at which a resolution will be put to Henderson Group Shareholders to approve (i) the Proposed Acquisition; and (ii) an increase in the authorised share capital of Henderson Group, the grant to the Directors of authority to allot the New Henderson Group Shares and the issue of the New Henderson Group Shares pursuant to the Proposed Acquisition;
"Group"	Henderson Group and its subsidiary undertakings;
"Hellman & Friedman"	Hellman & Friedman Acquisition I Limited and Hellman & Friedman Acquisition II Limited;
"Henderson Group"	Henderson Group plc;
"Henderson Group 2010 Full Year Results Announcement"	the full year 2010 results announcement released by Henderson Group on 23 February 2011 containing Henderson Group's consolidated financial statements for the year ended 31 December 2010, including the ASX Appendix 4E;
"Henderson Group 2011 Annual General Meeting"	the 2011 annual general meeting of Henderson Group to be held on 4 May 2011;
"Henderson Group Pension Scheme"	the Group's defined benefit scheme and defined contribution scheme, together forming the Henderson Group Pension Scheme;
"Henderson Group Shareholders"	holders of Henderson Group Shares or CDIs (as appropriate) from time to time;
"Henderson Group Share Plans"	the Henderson Group Buy As You Earn Share Plan, the Henderson Group Sharesave Plan, the Henderson Group Sharesave Plan USA, the Henderson Group Long Term Incentive Plan, the Henderson Group Restricted Share Plan, the Henderson Group Deferred Equity Plan (all of which were approved by Henderson Group Shareholders on 30 September 2008), the Henderson Group Company Share Option Plan (approved by Henderson Group Shareholders on 11 May 2009), the Henderson Group International Buy As You Earn Plan and the Henderson Group Executive Shared Ownership Plan 2011 (both of which were approved by Henderson Group Shareholders on 11 May 2010);
"Henderson Group Shares"	ordinary shares of 12.5 pence each in the capital of Henderson Group;
"IFRS"	the International Financial Reporting Standards, as adopted by the European Union;
"Implementation Agreement"	the implementation agreement between Henderson Group and Gartmore in respect of the Proposed Acquisition dated 12 January 2011;
"Libor"	the British Bankers' Association Interest Settlement Rate for the relevant currency and interest period of a loan drawn under the Facilities Agreement (or, if such rate is unavailable, the arithmetic mean of the rates quoted by the reference banks specified in the Facilities Agreement to leading banks in the London interbank market for the offering of deposits for the relevant currency and interest period of a loan drawn under the Facilities Agreement);
"Listing Rules"	the listing rules made by the UK Listing Authority under Part VI of FSMA as amended from time to time;
"LSE"	the London Stock Exchange plc or its successor;
"New CDIs"	the CDIs to be issued by CDN in respect of New Henderson Group Shares;

"New Henderson Group Shares"	the Henderson Group Shares to be issued pursuant to the Proposed Acquisition;
"New Star"	New Star Asset Management Group PLC;
"Non-Executive Directors"	the non-executive directors of Henderson Group;
"Notice of General Meeting"	the notice of the General Meeting which appears at the end of this document;
"Notification of Availability"	notification sent to Henderson Group Shareholders, other than those that have elected to receive a printed copy of the Circular, that the Circular is available on the Henderson Group website;
"Official List"	the official list of the UK Listing Authority;
"Ondra Partners"	Ondra LLP, trading as Ondra Partners;
"Operating Earnings"	profit before tax, finance income and expense, exceptional items and amortisation of intangibles;
"Proposed Acquisition"	the proposed recommended acquisition by Henderson Group of the entire issued share capital of Gartmore (other than any Gartmore Shares held by Henderson Group (if any)) to be effected by way of (i) the Scheme or (ii) the Takeover Offer (as the case may be);
"Prospectus"	the prospectus to be issued by Henderson Group on or around 1 March 2011 which contains information relating to Henderson Group required by the Prospectus Rules;
"Prospectus Rules"	the prospectus rules made by the UK Listing Authority under Part VI of FSMA as amended from time to time;
"Quotation"	the quotation of any New CDIs on the financial market operated by the ASX;
"Regulators"	the FSA as the Group's primary regulator and regulators in various other jurisdictions in which members of the Group operate;
"Resolution"	the resolution to be proposed at the General Meeting;
"Scheme" or "Scheme of Arrangement"	the scheme of arrangement proposed to be implemented under section 86 of the Cayman Companies Law between Gartmore, the Gartmore Shareholders at the Effective Date and Henderson Group;
"Scheme Document"	the scheme circular despatched to Gartmore Shareholders containing the details of the Proposed Acquisition and the Scheme and certain information about the Gartmore Group and the Group and containing notice of the Court Meeting and the text of the Scheme and, where the context so admits, includes any form of proxy, election, notice, court document, meeting advertisement or other document reasonably required in connection with the Scheme;
"subsidiary undertaking" and "subsidiary"	have the meanings respectively ascribed to them under the UK Companies Act;
"Takeover Offer"	a takeover offer (within the meaning of section 88 of the Cayman Companies Law) for the entire issued and to be issued share capital of Gartmore (other than any Gartmore Shares already held by Henderson Group (if any)), the full terms of which will be set out in the related offer document(s);
"UBS"	UBS Limited;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UK Companies Act"	the Companies Act 2006, as amended;
"UK Listing Authority"	the FSA in its capacity as the competent authority for listing in the United Kingdom for the purposes of Part VI of FSMA;
"Underlying Earnings" or "Underlying Profit"	recurring profit before tax, amortisation of intangibles and a void property finance charge;
"US" or "United States"	the United States of America (including the states of the United States and the District of Columbia), its possessions and territories and all areas subject to its jurisdiction;
"£"	sterling, the currency of the UK; and
"\$"	dollars, the currency of the United States.



(Incorporated and registered in Jersey with registered number 101484)

Notice of General Meeting

Notice is hereby given that a general meeting ("**General Meeting**") of Henderson Group plc (the "**Company**") will be held on 22 March 2011 at Crowne Plaza, Northwood Park, Santry Demesne, Santry at 8.15 am (Dublin time) and will be simultaneously broadcast to the Wesley Conference Centre, 220 Pitt Street, Sydney (which, for the purposes of Article 65 of the Company's articles of association, shall be a "**satellite meeting place**") at 7.15 pm (Sydney time) to consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

SPECIAL RESOLUTION

THAT:

- (A) the proposed acquisition by the Company of the entire issued and to be issued ordinary share capital of Gartmore Group Limited whether implemented by way of scheme of arrangement or takeover offer (the "**Proposed Acquisition**"), substantially on the terms described in the circular to shareholders of the Company dated 1 March 2011, be and is hereby approved, and the directors of the Company (or a duly authorised committee thereof) are authorised to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Proposed Acquisition and this resolution and to carry the same into effect with such modifications, variations, revisions, waivers or amendments as the directors of the Company (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such variations, revisions, waivers or amendments are not of a material nature;
- (B) subject to and conditional upon the Proposed Acquisition becoming or being declared wholly unconditional (save as to any conditions relating to the delivery of the order(s) of the Grand Court of the Cayman Islands sanctioning the Scheme (the "**Court Sanction**") to the Registrar of Companies for the Cayman Islands ("**Registration**") and the admission of the ordinary shares of £0.125 each in the Company to be issued pursuant to the Proposed Acquisition to listing on the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange plc ("**Admission**"), the authorised share capital of the Company be and is hereby increased from £243,738,847 to £274,363,847 by the creation of a further 245,000,000 ordinary shares of nominal value of £0.125 each in the Company and to give effect thereto paragraph 4 of the Memorandum of Association of the Company be deleted and replaced with the following new paragraph 4:
- "4. NUMBER OF SHARES
- The share capital of the Company is £274,363,847 divided into 2,194,910,776 shares of £0.125 each";
- (C) subject to and conditional upon the Proposed Acquisition becoming or being declared wholly unconditional (save for any conditions relating to the Court Sanction, Registration and Admission) and in addition to any existing authority, the directors of the Company be and are hereby generally and unconditionally authorised pursuant to Article 9 of the Company's Articles of Association to exercise all the powers of the Company to allot relevant securities (as defined in the Articles of Association) up to a nominal amount of £30,625,000 for the period expiring on 31 May 2011 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities pursuant to such offer or agreement as if the authority conferred on them hereby had not expired; and
- (D) for the purpose of ASX Listing Rule 7.1 and all other purposes, approval is given to the issue of up to 245,000,000 ordinary shares in the Company, and of any CHES Depositary Interests issued in respect of such shares that are issued to CHES Depositary Nominees Pty Ltd, where such shares are to be issued pursuant to the Proposed Acquisition.

Registered Office:
47 Esplanade
St Helier
Jersey
JE1 0BD

By the Order of the Board
Fionnuala Hanrahan, Company Secretary

1 March 2011

Notes:

1. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote instead of him/her. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. Any documents or information relating to the proceedings at the meeting may only be sent to Henderson Group plc in one of the ways set out in this Notice.
3. A Form of Proxy or CDI Voting Instruction Form (as applicable) and a reply-paid envelope are available, which members are invited to complete and return.
4. To be valid, the Form of Proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority) must be received by the Henderson Group Share Registrar by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by internet via the Henderson Group website at www.henderson.com by no later than 8.15 am (Dublin time) on 20 March 2011 (or 48 hours preceding the date and time for any adjourned meeting).
5. The return of a completed Form of Proxy or other such instrument or any CREST proxy instruction (as described under the heading 'Note for CREST members' below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
6. If you are a CHESSE Depositary Interest ("**CDI**") holder, you may either direct CHESSE Depositary Nominees Pty Limited ("**CDN**") how it should vote or instruct CDN to appoint you or someone else as its proxy to act on your behalf, and vote at the meeting. If you direct CDN how it should vote on your behalf, the CDI Voting Instruction Form, or voting instructions submitted via the internet, must be received no later than 7.15 pm (Sydney time) on 17 March 2011. If you are instructing CDN to appoint you or someone else as its proxy, the CDI Voting Instruction Form or voting instructions submitted via the internet, must be received no later than 7.15 pm (Sydney time) on 20 March 2011. CDI Voting Instruction Forms should be sent to Henderson Group's share registrar in Australia, Computershare Investor Services Pty Ltd, GPO Box 4578, Melbourne, Victoria 8060, Australia, or, in New Zealand, to Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand or faxed to 03 9473 2555 in Australia or to 09 488 8787 in New Zealand.
7. Any person to whom this notice is sent who is a person nominated under Article 80 of the Company's Articles of Association to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
8. The Company, pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, specifies that only those shareholders registered in the register of members of the Company as at 6.00 pm (Dublin time) on 20 March 2011 (or 48 hours before any adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after such time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
9. As at 25 February 2011 (the latest practicable date prior to the publication of this document) the Company's issued share capital consisted of 835,835,898 ordinary shares of 12.5 pence each, which carry one vote each, and the total voting rights in the Company as at 25 February 2011 were 835,835,898.
10. In the case of joint shareholders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
11. Pursuant to the Company's Articles of Association, a shareholder which is a corporate may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit (a corporate representative) to act as its representative(s) at the meeting. A corporate representative has the authority to speak and to vote (both on a show of hands and on a poll) at the meeting on behalf of the corporate that appointed him. A corporate representative may be required to produce a copy of the resolution of authorisation certified by an officer of the corporate appointing that corporate representative before that corporate representative is permitted to exercise his powers. In the event that two or more corporate representatives for a corporate attend the meeting, they will each be entitled to speak but will have to determine which of them (if any) will exercise the right to vote on a show of hands or on a poll.
12. The Company will disregard any votes cast on the Resolution by (i) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and (ii) an associate (as defined in sections 11 and 13 to 17 of the Australian Corporations Act 2001 as amended) of such person.
However, the Company need not disregard a vote if:
 - (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Form of Proxy or the CDI Voting Instruction Form; or
 - (b) it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Form of Proxy or the CDI Voting Instruction Form to vote as the proxy decides.
13. The vote on the Resolution will be taken by way of a poll as required by the Articles.
14. The General Meeting is being convened on 14 clear days' notice as permitted by the Company's Articles of Association. The directors of the Company believe that it is to the advantage of the Company (together with its subsidiary undertakings following completion of the Proposed Acquisition) and the Company's shareholders to minimise the time required to implement the Proposed Acquisition and to commence integration of Gartmore Group Limited.

CHES DEPOSITARY NOMINEES FINANCIAL SERVICES GUIDE

To obtain a copy of CHES Depository Nominee Pty Limited's Financial Services Guide, go to www.asx.com.au/documents/products/ches_depository_interest.pdf or phone 131 279 (from Australia) if you would like one sent to you by mail.

NOTE FOR CREST MEMBERS

Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Computershare Investor Services PLC (under CREST Participant ID 3RA50), by 8.15 am (Dublin time) on 20 March 2011 (or 48 hours before any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

MR A SAMPLE
< DESIGNATION>
SAMPLE STREET
SAMPLE TOWN
SAMPLE CITY
SAMPLE COUNTY
AA11 1AA

CANCELLED

The Chairman of Henderson Group plc invites you to attend the General Meeting of the Company to be held at **Crowne Plaza, Northwood Park, Santry Demense, Santry, Dublin** on 22 March 2011 at **8.15am**

Shareholder Reference Number

C0000000000 M A L



Form of Proxy - General Meeting to be held on 22 March 2011

Kindly note: This form is issued only to the addressee(s) and is specific to the unique designated account printed hereon. This personalised form is not transferable between different (i) account holders; or (ii) uniquely designated accounts. The Company and Computershare Investor Services PLC accept no liability for any instruction that does not comply with these conditions.

Explanatory Notes:

- Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as their proxy to exercise all or any of their rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see reverse). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
- To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Shareholder Information Line on 01534 281842 or you may photocopy this form. Please indicate in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- The 'Vote Withheld' option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
- Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999 entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.
- The above is how your address appears on the Register of Members. If this information is incorrect please ring the Shareholder Information Line on 01534 281842 to request a change of address form or go to www.henderson.com to use the online Investor Centre service.
- Any alterations made to this form should be initialled.
- The completion and return of this form will not preclude a member from attending the meeting and voting in person.

To be effective, all proxy appointments must be lodged at:

Computershare Investor Services PLC, The Pavilions, Bridgwater Rd, Bristol BS99 6ZY by 8.15am (Dublin time) on 20 March 2011.

ALTERNATIVELY YOU CAN LODGE YOUR PROXY USING THE INTERNET 24 HOURS A DAY 7 DAYS A WEEK

All Named Holders:

MR A SAMPLE
< Designation>
Additional Holder 1
Additional Holder 2
Additional Holder 3
Additional Holder 4



To view the Circular and Notice of General Meeting online

Go to the following website:
www.henderson.com/GM2011

To lodge a proxy using the internet

Go to the following website:
www.henderson.com/GM2011

You will be asked to enter the Shareholder Reference Number (SRN) and PIN as printed opposite and agree to certain terms and conditions.

CANCELLED

SRN. C0000000000

PIN. 1245





The Crowne Plaza - Airport Hotel is located in the heart of Santry Demesne, which is less than 2 miles from the Airport and less than a mile from the M1 and M50 motorway networks. It is beside Morton Athletics Stadium and a mere 5 miles from Dublin City centre.

Directions from the Airport

The main Airport exit leads to the airport roundabout, at this roundabout take the right exit signposted for Santry - drive 1.5 miles through 3 sets of traffic lights - at the 4th set of traffic lights take a right turn into Santry Demesne. The hotel is located 100 metres on the right-hand side.

Directions from Dublin City Centre / M1

Follow signs for M1 / Dublin- Airport. Take the 2nd exit off the M1 signposted for Santry / Coolock and follow signs for Santry. At the T-junction turn right, pass the Morton Athletics Stadium, turn left at the next set of traffic lights into Santry Demesne. The hotel is located 100 metres on the right-hand side.

Directions from M50

Follow signs for M1 / City centre. From the M1 take the 1st exit signposted for Santry / Coolock, cross over the flyover following signs for Santry. At the T-junction turn right, pass the Morton Athletics Stadium, turn left at the next set of traffic lights into Santry Demesne. The hotel is located 100 metres on the right-hand side.

Form of Proxy

Please use a black pen. Mark with an X inside the box as shown in this example. I/We hereby appoint the Chairman of the Meeting OR the following person

Please leave this box blank if you have selected the Chairman. Do not insert your own name(s).

as my/our proxy to attend, speak and vote in respect of my/our full voting entitlement* on my/our behalf at the General Meeting of Henderson Group plc to be held at **Crowne Plaza, Northwood Park, Santry Demense, Santry, Dublin** on 22 March 2011 at **8.15am**, and at any adjourned meeting.

* For the appointment of more than one proxy, please refer to Explanatory Note 2 (see front).

Please tick here to indicate that this proxy appointment is one of multiple appointments being made.



C000000000 MAL



Resolution

1 To approve the proposed acquisition of Gartmore Group Limited and, in connection therewith, an increase in the authorised capital of the Company and the grant of authority to directors to allot ordinary shares in the Company.

	For	Against	Vote Withheld
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We instruct my/our proxy as indicated on this form. Unless otherwise instructed the proxy may vote as he or she sees fit or abstain in relation to any business of the meeting.

Signature

Date

____/MM/YY

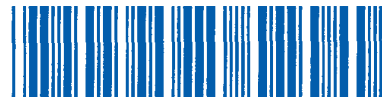


In the case of a corporation, this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised, stating their capacity (e.g. director, secretary).



000001
000
SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

Shareholder Reference Number (SRN)



I 1234567890 I N D

Voting Instruction Form

Please read the instructions overleaf.

FOLD
HERE

A **Voting instruction** – please mark 'X'
I/We appoint CHES Depository Nominees Pty Limited (CDN) to vote on my/our behalf with respect to the Resolution below in the manner instructed in section C below.

OR – please mark box A **OR** B

B **Appointment of Proxy**
CHES Depository Nominees Pty Limited (CDN) appoints the Chairman of the meeting as its proxy – please mark 'X'

OR the following person:

Write the name of the person if this is someone other than the Chairman of the meeting. **If you wish to attend, speak and vote at the meeting, write your own name.**

to attend, speak and vote on my/our behalf at the General Meeting of Henderson Group plc to be held on **22 March 2011 at 7.15pm (Sydney time)** and at any adjournment of the meeting. CDN instructs its proxy to vote on the resolution proposed at the meeting in accordance with the following directions. Where no direction is given, the proxy may vote as they see fit or abstain in relation to the proposed resolution. In addition, the proxy can vote as they see fit, or abstain, on any other business of the meeting, including amendments to the resolution, and at any adjournment of the meeting.

C **Voting directions** – please mark 'X' to indicate your directions

RESOLUTION

FOR AGAINST VOTE
 WITHHELD

1. To approve the proposed acquisition of Gartmore Group Limited and, in connection therewith, an increase in the authorised capital of the Company and the grant of authority to directors to allot ordinary shares in the Company

FOLD
HERE

D **Signatures** – please sign in the boxes below

Individual or first CDI holder

CDI holder 2

CDI holder 3

Sole director and sole company secretary

Director

Director/company secretary

CHES Depository Nominees Pty Limited



Ms Fionnuala Hanrahan, Company Secretary,
Henderson Group plc (Agent for CHES
Depository Nominees Pty Limited)

Notes to the Voting Instruction Form

1. Holders of CHESS Depository Interests (CDIs) who do not wish to attend the meeting may instruct CDN (the registered owner of the shares represented by their CDIs) to vote on their behalf on the resolution set out in the Notice of General Meeting. To instruct CDN to vote on your behalf and to direct CDN how to vote on the resolution:
 - Mark the box in section A with an 'X';
 - Indicate your voting directions by completing section C;
 - Sign the Form in section D (refer to note 5);
 - Do not complete section B; and
 - Return your completed form to the Henderson Group Share Registry in the envelope provided so that it is received no later than 7.15pm (Sydney time), Thursday, 17 March 2011.

Alternatively, you may submit your voting instruction electronically as explained in note 7 below.

2. CDI holders do not have an automatic right to attend, speak and vote at the meeting. If you wish to attend, speak and vote at the meeting you must instruct CDN (the registered owner of the shares represented by your CDIs) to nominate you as its proxy. To instruct CDN to appoint you as its proxy (you are entitled to instruct CDN to appoint one person as proxy to attend, speak and vote on a poll at the meeting):
 - **Do not** complete section A;
 - Mark the box in section B with an 'X' and enter your own name in the space provided;
 - Indicate your voting directions by completing section C;
 - Sign the Form in section D (refer to note 5); and
 - Return your completed form to the Henderson Group Share Registry in the envelope provided so that it is received no later than 7.15pm (Sydney time), Sunday, 20 March 2011.

At the meeting, as a proxy, you may vote as you choose on any resolution for which a voting direction has not been given and on any further or amended resolution.

Alternatively, you may submit your voting instruction electronically as explained in note 7.

3. If you do not wish to attend, speak and vote at the meeting you may instruct CDN (the registered owner of the shares represented by your CDIs) to nominate the Chairman of the meeting or someone else as its proxy.

To instruct CDN to appoint a proxy other than yourself and to direct the proxy how to vote on the resolution:

- **Do not** complete section A;
- Mark the first box in section B with an 'X' and enter the name of the person you would like to represent you at the meeting in the space provided. If you would like the Chairman of the meeting to represent you at the meeting, leave the space blank;
- Indicate your voting directions by completing section C;
- Sign the Form in section D (refer to note 5); and
- Return your completed form to the Henderson Group Share Registry in the envelope provided so that it is received no later than 7.15pm (Sydney time), Sunday, 20 March 2011.

At the meeting, the proxy may vote as he or she chooses on any resolution for which a voting direction has not been given and on any further or amended resolution.

Alternatively, you may submit your voting instruction electronically as explained in note 7.

4. The 'vote withheld' option overleaf is provided to enable you to give a direction to abstain on the resolution. However, it is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' the resolution.
5. Each CDI Holder should sign this Voting Instruction Form. If your CDIs are held in joint names all CDI Holders should sign in the boxes in section D. If you are signing as an attorney, then the power of attorney must have been noted by the Henderson Group Share Registry or a certified copy of it must accompany this Voting Instruction Form.

Only duly authorised officers can sign on behalf of a company (refer to the instructions in the Notice of Annual General Meeting). Please sign in the boxes corresponding to the office held by the signatory, ie sole director and sole company secretary, director and director, or director and company secretary.
6. Where CDIs are held jointly, and more than one of the joint CDI holders gives an instruction, only the instruction of the senior CDI holder who tenders an instruction will be valid. Seniority is determined by the order in which the names appear on the register of CDI holders.
7. If you would like to submit your voting instruction electronically, you can do so via the Henderson Group website, www.henderson.com/GM2011. You will require your Shareholder Reference Number, which is shown on the front of this Form, along with your postcode or country of residence.
8. Any document or information relating to voting instructions for the meeting may only be sent in one of the ways set out in these Notes.

You can submit your voting instruction in the following ways:



Online

– www.henderson.com/GM2011 – see note 7 above. You can submit your voting instruction using the internet 24 hours a day, seven days a week.



By post

– return this form in the reply-paid envelope provided or post it to:
Australia: GPO Box 4578, Melbourne, VIC 8060
New Zealand: Private Bag 92119, Auckland 1142



By Facsimile

– Australia: 03 9473 2555
New Zealand: 09 488 8787

